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CAN IP BE PROTECTED IN THE INTERNET AGE?

Expanding Technology Horizons

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The growth in the range of frequencies, the development of social networking sites, the emergence of cloud computing technologies and the appearance of powerful mobile electronic devices are just a few of the new trends leading to a revolution in digital media. However, the transition to a global information society has created new problems for the owners of intellectual property throughout the world.

Moderator:

Igor Drozdov, Director for Law and Legal Matters, Skolkovo Foundation

Panelists:

Ekaterina Chukovskaya, Secretary, Deputy Minister of Culture of the Russian Federation

Benoit Ginisty, Director General, International Federation of Film Producers' Associations

Eric Goldman, Associate Professor, Santa Clara University School of Law

Peter Jenner, Producer, Music Manager, ex-Manager of Pink Floyd and The Clash, Visiting Professor in Music and Entertainment Industry Economics

Kevin Lawrie, President, Europe & Africa, Sony Music

Andrei Loginov, Plenipotentiary Representative of the Russian Government in the State Duma

Yuri Lubimov, Deputy Minister of Justice of the Russian Federation

Paul Lucier, Managing Director, Northern Europe and Russia, Research In Motion

Alexander Maslov, State Secretary, Deputy Minister of Telecommunications and Mass Communications of the Russian Federation

Oliver Metzger, Senior Copyright Product Counsel, Google Inc.

Svetlana Mironyuk, Editor-in-Chief, RIA Novosti

Tim Renner, Managing Director, Motor Entertainment GmbH

Thomas C. Rubin, Chief Counsel for Intellectual Property Strategy, Microsoft Corporation

Miriam Sapiro, US Deputy Trade Representative

Artemy Troitsky, Russian rock journalist and music critic

Ivan Zasursky, Head of New Media and Communications Theory, Faculty of Journalism, Lomonosov Moscow State University

I. Drozdov:

Ladies and gentlemen, I think we can commence our part of the programme. As you know, we will be looking at developing legislation that regulates relationships on the Internet. We plan to discuss whether any changes are needed in this area; whether the Internet requires its own special regulations, or whether we can use traditional copyright legislation that we are already used to. I hope we will have a lively discussion today. I know many of you have conflicting viewpoints on the subject. It will be interesting to hear them. Unfortunately we do not have a lot of time for each of you. I hope we can stick to the time limits and finish on time. I am going to introduce each participant of the round table before I give them the floor. First, let me introduce myself. I am the Chief Legal Counsel of the Skolkovo Foundation. My name is Igor Drozdov. I think we will start today's discussion with an address from Deputy U.S. Trade Representative Miriam Sapiro. Miriam, I give you the floor. I am sure you will set the right tone for our discussion.

M. Sapiro:

Thank you very much, Igor. I am so pleased to be with all of you at this year's St. Petersburg International Economic Forum. The main topic today is a very timely one: how the pace of technology is affecting our ability and our means of protecting intellectual property. I have been asked to provide a few overview remarks to help us get started, and then I look forward to a very stimulating discussion.

Before I begin, however, I want to touch briefly on a topic that you may have heard a lot about over the last few days, and that is Russia's WTO accession. We have had several productive meetings with the government here in St. Petersburg in which we have consistently underlined our unwavering support for Russia's accession. This is the single highest priority in our bilateral relationship with Russia.

However, as we get closer to the finish line, some of the toughest issues remain and we need to finish them, such as those related to measures inconsistent with the WTO Sanitary and Phytosanitary Agreement, known as SPS Issues, and the agreement on Trade Related to Investment Measures, known as TRIMS. But let me be clear: our teams are working hard in support of Russia's efforts to complete accession this year. In fact, they are working today, Saturday. Only Russia, however, can make the final decisions that are needed to complete the process.

Intellectual property rights are one important element of the WTO rules, and joining the WTO and adopting the laws necessary to meet its requirements will help Russia create an environment conducive to growth and investment.

Indeed, IPRs are a fundamental feature of a modern, competitive economy, particularly the type of innovative economy envisioned by President Medvedev. They create the framework in which creativity and innovation can thrive, providing a critical incentive for creating the books our authors write, the songs that our bands sing, the choreography made famous by Russia's ballets, the new technologies our engineers invent, and the new medicines that our scientists also invent. As these examples demonstrate, this framework benefits not just U.S. exporters of IP-intensive goods but Russian artists, Russian scientists, Russian programmers, and Russian engineers.

This means that IPR infringement deprives all of us of these important benefits. The failure to enforce IPR provides shelter to those who seek to gain from the hard work, the creativity, and the innovation of others. IP theft is no less illegal than the theft of tangible property. IPR protection and enforcement in the online environment is all the more vital to promoting innovation and boosting competitiveness. Such measures not only protect creative rights but also create attractive circumstances for foreign investment, economic development, and jobs.

Indeed, IPR protection is essential for countries to compete in the Internet era. If, as President Medvedev said at Davos “Russia’s task is to turn into a more attractive place for the best minds in the world”, I can think of no better means of doing this than enforcing IP rights.

Internet penetration in Russia today reportedly exceeds 40% of the population, or 60 million people, an impressive statistic. IPR protection enforcement is critical, in my view, to sustaining this growth. Without it, the Internet economy, including emerging cloud-based services, will be a lost opportunity.

I am a strong believer that IP can and must be protected in the digital age. This requires a strong legal foundation, supported by dedicated government resources and vigorous and sustained enforcement actions. Allow me to make several observations briefly.

First, changes to domestic legislation are necessary where piracy over the Internet has not yet been addressed successfully. Legislation should provide for secondary liability—in other words, liability for those authorizing or contributing to infringing activity—for online service providers under certain circumstances. Offering services with the object of promoting copyright infringement, for example, should be clearly prohibited by law.

Of course, we have our own challenges in the United States with piracy over the Internet, and we recognize that there is more than one way to address this issue. But we have found that a strong legal foundation that targets infringement online is essential.

I would note that Creative Commons licenses and content platforms have not been able to address infringement. Some content platform proposals for music, for instance, could require rights holders to license their music to a single entity responsible for all licensing of that content for an entire country. We would have concerns about an approach that does not truly address the problem.

The problem of online infringement is not with licensing, where legitimate providers seek authorization from rights holders. Instead, the core concern is with

unlicensed content, where infringers consciously avoid authorization from rights holders. A new licensing scheme run by a middle man is not likely to change the situation.

Rather, we need, in every country, clear laws prohibiting the offering of services with the object of promoting copyright infringement, and we need dedicated government resources to ensure vigorous and sustained enforcement against infringing websites.

The second pillar of IPR protection in the digital age is, as I mentioned, enforcement—an enforcement apparatus that can transform the protections in law into enforcement in practice. Governments must equip their authorities with sufficient resources and support to target Internet piracy effectively. Where they do not already exist, dedicated units should be created for this purpose.

Third, I believe with a strong legal framework and dedicated law enforcement in place, takedowns of websites providing access to infringing content is critical. Governments should initiate criminal investigations and request deterrent-level sanctions against operators of illegal Internet schemes consistent with existing law. In doing so, law enforcement authorities should also consult with rights holders to target priority infringing websites. In Russia, for example, numerous pay-per-download websites, such as cyber lockers, Bit Torrent sites, and unauthorized music services, continue to operate today.

Finally, while important, international coordination is no substitute for strong national laws and domestic enforcement. All members of the G8, including Russia and the United States, recently acknowledged the need to have national laws and frameworks for improved enforcement. International agreements such as the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, known as TRIPS, the World Intellectual Property Organization Internet Treaties, and the Anti-Counterfeit Trade Agreement, ACTA, that we negotiated last year, all play a significant role in advancing IPR protection and enforcement.

National governments can also work together—for instance, through Mutual Legal Assistance Treaties, known as MLATs—to go after servers of IPR-infringing websites that move from one jurisdiction to the next in the blink of an eye. Nevertheless, IPR is territorial, and therefore its protection requires a robust national response.

In closing, let me say that Skolkovo, a place our moderator knows well, provides a perfect example of where IPR-related legal reform and vigorous enforcement are essential to harnessing the full potential of the digital age. Skolkovo has been called Russia's Silicon Valley, a high-technology zone designed to attract innovative companies and research institutions in five areas, including energy, IT, biomedicine, and nuclear technology. However, if the vision of Skolkovo is to be realized, the right IPR foundation must be laid. Thank you.

I. Drozdov:

Thank you very much, Miriam. In response to the last part of your address, I want to say that the Skolkovo Foundation does pay close attention to intellectual property issues, and will continue to do so. We are even planning to create an intellectual property centre in order to ensure that Skolkovo's policies in this respect are well thought through. And we plan to actively work on developing intellectual property services for people participating in the project. I found your speech very interesting. You highlighted the protection of copyright holders' rights, but I have to say that copyright holders in Russia and abroad, strangely enough, have very different ideas of how they would like to protect their rights, and of what form of protection they see as the most effective. To address this, I would like to give the floor to the representative of a Russian copyright holder. I want to invite Svetlana Mironyuk, Director of the RIA Novosti news agency and Editor-in-Chief of RIA Novosti, to share what her experience has taught her about ways of effectively protecting the interests of copyright holders.

S. Mironyuk:

I did not expect you to call on me so soon, Igor, because actually, my experience, or rather my impressions borne out of three or four years of battle – fairly fierce and uncompromising battle – against the illegal use of content that belongs to RIA Novosti, content from our archives (I am talking about visual and video images, photographs and videos, or text in various formats, created by us in the past, present and future)... Because RIA Novosti is not a traditional news agency. We might describe it as a large multimedia holding company which owns rights to all sorts of content in all sorts of formats. But on the whole, both RIA Novosti as a whole, and I personally, have moved from a fierce war with violators of our copyright on various protected objects or on various content, to a new understanding. The explosive growth of social networks we see today; the vast amount of content produced not just by professional structures like ourselves, but by average users – so-called user-generated content – has left us with the realization that a tough approach to the search for, protection against, and punishment of illegitimate content use is, from my organization's point of view, ineffective. The amount of effort and resources spent on searching for this content is colossal. Finding it is – considering that the volume of content we produce, no fewer than 6,000-7,000 units of content a day, from text to... A fairly large group of people are constantly working to track down online pirates, people who have used our content, who have stolen our text, photos, and videos, and violated our rights. It is a massive effort by a group of lawyers who then have to undertake a great deal of work to prepare this or that case. Overall, it does appear to be something of a vain effort, considering that this is the work of a pretty big department, probably about 20 people: lawyers, people working on looking, on tracking content, and so forth. As a result, we filed, I think, one or two cases that were stuck in court for a reasonably long time; around six months to a year. In the end, we won a few cases. But, to tell you the truth, the hassle is not over, because – and I will refrain from naming names – the sites that stole our

content are still stealing it. We won that particular case, but it did not change the system. So it seems the solution is not harsh punishment, but the search, on the one hand, for a financially effective model that would force illegitimate content users to either abandon their actions or to arrive at something more reasonable – at forms that are not as damaging. That is the first thing.

And secondly, I think I should be the first person to say this: we have, in my opinion, a big problem – well, for me at least, and for RIA Novosti – with a certain social mission we have. We are constantly talking about digital inequality, and this is not just an absence of equal and unconstrained access to a network, to the Internet as content carrier, but also a lack of equal access to content and knowledge. Some of this, due to the way that human civilization has developed, is protected by the very copyright we are talking about. Furthermore, if we look at Russian society, I have to say that we (I am talking about society and Russian organizations) are not currently ready to respond to severe regulatory measures. And that is why they do not work. So any instance of piracy that gets revealed has a good chance of receiving the support of public opinion, while any attempt to hold pirates accountable has a good chance of being met with public disapproval. And in fact, I have experienced this attitude towards our own agency in the last three years. I think we can safely say we have no balanced, effective approach to solving this issue. That is the first problem. And secondly, the social component should, of course, become a topic of discussion.

I. Drozdov:

Svetlana, the reason I gave you the floor is that unfortunately, Ivan Zasursky, who actually represents the perspective of a certain part of the public, is running late. I would like us to begin our lively discussion, knowing about your viewpoints, and knowing that not every copyright holder insists that the use of their content be strictly controlled online. I would like to hear what our foreign colleagues have to say on this issue, to hear their opinion. I would like to invite Thomas Rubin to

respond in some manner to what Svetlana was saying. What does he think: what direction should we take in this regard, in regard to protecting the rights of copyright holders?

T. Rubin:

This is obviously a very important issue at a very important time in Russia. We are eager to participate in the discussions around this issue.

Microsoft has experienced this both as an intellectual property owner—Windows, Microsoft Office, etc., are all copyrighted works that, unfortunately, are subjected to significant amounts of piracy—but also, Microsoft is a very significant online service provider. Our online properties, including MSN, Hotmail, Bing, SkyDrive, etc., are properties in which we are an online innovator and have to balance the concerns internally between the rights of an intellectual property owner and the needs of an online service provider.

And so I wanted to address that balance, something that was touched upon in the comments just a minute ago, and how we feel about it and how we see the ability to succeed in achieving the right balance. I am a technologist, and technologists love data—so let's look at some data. There are some very clear data that I think can help illuminate the situation here in Russia as you look forward.

The Digital Millennium Copyright Act in the United States was enacted in 1998. It contains online service provider provisions that set out rules and regulations for online service providers and content owners and how they can work together to reduce the amount of infringement online. There is also the E-Commerce Directive, of course, in Europe, enacted in 2000, that addresses similar things.

I think that it is important to look at what the results of those regulatory legislative efforts have been, because I think for the most part they have been extremely positive, and positive from the perspective of content owners and positive from the perspective of online service providers. Specifically, I'd point to three results

that have come out of the balance struck by section 512, the online service provider provisions of the DMCA.

One, we have seen vibrant online innovation—services that have been able to create new experiences for consumers and for the public; that have enabled the consumption of content in new ways; and new and exciting abilities for people to interact with and disseminate their own works.

Second, we have seen in the United States and elsewhere, because of that platform and foundation that has been provided, a proliferation of great content sources and great content platforms—commercial content platforms for commercial providers. We are seeing over just the past several years an explosion in sanctioned, legitimate offerings that are extremely popular in music, movies, television, games, books, even online software distribution.

One of the reasons we have seen this is that there is the ability for the content owners to police their content online and the obligation of online service providers to take down content when it is infringing.

The third thing that I would point to that has resulted from those efforts is voluntary cooperative efforts between online service providers and content owners, which have actually arisen from the legal framework that has been provided. And those have been extremely helpful in essentially supplementing the rules and regulations that the law has provided. And so, there are numerous examples of content owners and online service providers working together to reduce the amount of infringement.

So, I think that the balance that has been struck in the DMCA and E-Commerce Directive is one that is very instructive and has been very, very successful.

I do want to point out a couple of other issues as well that are very relevant to the issues here. One involves what has been referred to in the United States and in the United States Congress as ‘rogue websites’.

There is a problem. There is a very, very significant problem with websites around the world that have no legitimate purpose other than hosting infringing

content. Responding to and taking enforcement measures against them should be relatively straightforward. There is no beneficial reason for there to be websites that engage in nothing but piracy—yet they exist, and there are countries that let them continue to operate.

The existence of those sites has a very negative impact on creators, obviously. There is a negative impact on innovation, even on investment. And frankly, the existence of those websites and the fact that some of them are not being policed and enforced against puts stress on the global Internet ecosystem, and that has negative ramifications for all the citizens of the world and all creators. So, I do want to highlight that issue.

I guess the last point that I want to make at this time is just addressing the issue of Creative Commons and other permissive licensing schemes, because I know that this is something that has been discussed and is important here. They are a very important part of the creative ecosystem. Microsoft has actively supported Creative Commons for many, many years. It is important that creators have the right to distribute their work with a permissive license like that, if that is what they choose.

It is also important to realize that Creative Commons licenses are a complement to, but not a replacement for, the copyright system. The leaders of Creative Commons would be the first ones to agree with that. So there is a place for Creative Commons, a very important place. But it is also important to realize that it fits into an overall scheme—a scheme where creators have the ability to protect and enforce their rights.

I. Drozdov:

Thank you very much. It is true that copyright holders are currently looking for other ways of making a profit on their content, knowing that, as Svetlana correctly pointed out, it is very hard to protect their rights using traditional protection methods driven by pressure from the government. I would like to continue along

the lines set by Thomas, and introduce Oliver Metzger, Senior Product Counsel for Google – a company that also tries to encourage copyright holders to use these kinds of business models. Maybe he can briefly tell us about this and respond to what he has heard so far today.

O. Metzger:

Thank you. In my time at Google, I have worked on Google Books and Google Web Search and Google Image Search. So, I have seen intellectual property enforcement matters both from the side of search products, where Google just links through to content that is hosted by other people, and also hosted products, where Google itself hosts the content.

Our view is that the intellectual property enforcement on the Web works best when there is shared responsibility between the owners and the intermediaries. The owners are the only ones who know who they have licensed their own content to. So they are in the position to identify infringement. So, we think the responsibility is with them to identify infringement and to give us notice or intermediaries notice when they find the infringement.

Owners are also in the position to make their content available legally on the Web, which reduces the demand for infringing content. Intermediaries have the responsibility for taking down, we believe, when they get a proper notice. Intermediaries, we believe, should have clear rules in legislation, and we think that this is the case in the U.S., largely, because of the Digital Millennium Copyright Act, which Tom has already referred to. It is not perfect, but we do feel like it provides a clear roadmap for intermediaries on the Internet. We think, though, if the intermediary does take down, that there should be no liability as long as it takes it down promptly after a proper notice.

And thirdly, our view is that the No-Duty-to-Monitor concept, which can be found both in the DMCA and also in the E-Commerce Directive in Europe, has been essential for innovation on the Web, the reason being very simple: that

monitoring is hugely expensive. Big corporations find it very difficult. If it is imposed on small corporations, the liability will simply be crushing. So, it is essential for innovation on the Web to have this basic concept of No-Duty-to-Monitor your site for copyright infringement.

Those are some duties and responsibilities for the owners and also for the intermediaries. We also think there is a responsibility that is shared between them, which is to respect the free speech rights of the users. So, for example, in the U.S., if a user takes some copyrighted content and repurposes it for a political speech or for commentary, that use is privileged as a fair use and is legal and is not infringement. So, I think there is a responsibility with the owners not to identify that as an infringement and also a responsibility with intermediaries not to take that content down.

Those are some thoughts mainly about what I call search products. We do have on the hosted products site an excellent example of an innovative IP-enforcement mechanism, which is also tied with a monetization mechanism. That is in our YouTube product, the program called Content ID.

For those of you who are not familiar with it, Content ID is a program where rights holders, like a movie studio or a record label, can send us reference files for their content. We create a giant database out of all the reference files. And then, when a user goes to upload a new video to YouTube, we check that video against the database, and if there is a match in either the video or the audio, it is the content owner that determines what happens to that video.

They can block it so it is taken down off the site; they can allow it to go up and then they can track its usage; or, there is a third option, which is the one that is most relevant for our discussion today, and that is that they monetize that content. So, even though they are not the ones that put it up, they will share in the revenue for any ads we put alongside it. So, the video goes up, we put ads on the side. When people click on those ads, we get paid. That revenue is

shared with the content owner. The majority of the revenue goes to the content owner.

The experience of Content ID has produced some interesting statistics. The owners allow the content to go up more than half the time, even though they were not the ones to put it up in the first place. And so, in the end, it ends up being quite a bit of money. I think the current rate is something like 3 billion monetized views on YouTube per week.

So, we view that as an innovative way to protect IP on the Web and also to monetize it at the same time.

I. Drozdov:

Thank you, Oliver. I would like to hear some even more radical viewpoints in our discussion. Ivan Zasursky has just arrived. I think it would be interesting to get the perspective prevalent in society among... Ivan represents the interests of users.

I. Zasursky:

Not just of users, but of the academic community: I head the New Media Department of Moscow State University's Faculty of Journalism. You know, we have figured out the formula for the wealth of the information community, a method of measuring it. It is the sum of all knowledge, all information: images, pictures, video – anything you want; multiplied by the speed of circulation, which in turn depends on how all this is interlinked; and multiplied by access squared. Let me help the interpreters by simply saying: it is the sum of knowledge multiplied by the coefficient of spiral circulation multiplied by access squared. This is the wealth of knowledge. I am just afraid I might be translated incorrectly, so I wanted to highlight this. In my opinion, from the point of view of the public good, I want to abandon the position that serves as the foundation on which, or so it seems, intellectual property legislation should be based... The goal and

social responsibility of the government and many of the players with regard to intellectual property is to promote the widest possible dissimilation of information and access to it. I have to say that we might not be on completely equal footing here. Russia has a small advantage in this regard. We could certainly talk endlessly about intellectual rights to cultural works and property produced back in the Soviet era. But Russia really does have special status, since many of the works are owned collectively, and still belong to the state. So I think that Russia can serve as a very good example for the rest of the world if it can free these rights and make them, somehow or other, part of the public domain. This could be done by making a fair deal with the authors; it could also be done by way of obligatory transfer of ownership of digital rights to the works that belong to or are financed by the state to the public domain. I think we can build very specific programs and projects on the basis of global initiatives that might be interesting from the perspective of public domain regulation, aimed at supporting the dissemination of shared cultural heritage and values. For example, Google, as far as I know (and we have the company's Senior Legal Counsel here), was prevented from digitizing content by all sorts of problems with intellectual property in the United States. I think this is terrible, because programs that transfer our cultural heritage into digital format should, on the contrary, receive worldwide support. If we consider the experience of development of the Internet industry, when legislators write the laws, it is important that they immediately see how the interests of copyright holders will be served. But if we remember what happened with YouTube – it did not start out as a crystal clear resource that protected all copyrights. YouTube started out as a resource that had all sorts of videos with all sorts of rights. There were a great many legal cases, but now the site has a system of monetization, which you can, as a result of a natural process, present at international conferences. I do not think nearly all the 'i's have been dotted in the intellectual property issue – and we definitely can't close the chapter on it. And I think that practice is based, first and foremost, on bilateral

agreements between copyright holders and real content vendors... I think it is best to avoid dealing with collective management systems, because this adds more middlemen to the situation in which a balance of interests between users, vendors, and copyright holders is only beginning to develop. I think we can find new points in the search for compromise. Thank you very much.

I. Drozdov:

Thank you, Ivan. It would be very interesting to hear your perspective on this. It is true that we have to remember that in fact, everything that is created, everything that belongs to someone, is created for people, for society – and society has to have access to these riches. Yet the interests of copyright holders must obviously be protected by specific methods. And the question is, how do we find a reasonable balance between the interests of copyright holders and those of users?

I might be changing the sequence to which we initially agreed, but considering what I've heard so far, I would like to give the floor to Andrei Loginov, the government's plenipotentiary representative in the State Duma. Ivan touched on the issue of public access to cultural heritage, and Mr. Loginov wanted to talk about libraries – in other words, organizations that provide this access.

A. Loginov:

The changes we are discussing here are undoubtedly necessary, since the Internet has created a qualitatively new step in information exchange technology. But it is important to understand and to correctly define the purpose of these changes. In my opinion, it is the protection of the interests of content creators. They are not always the copyright holders. In the race to find the perfect formula and a balance of interests, including commercial ones, we might destroy content creators. All our content will boil down to Twitter's 140 characters, instead of works still written by authors. The interests of content creators are not always

commercial. In this respect part four of the Civil Code implies a presumption of the author's commercial interests. And we recognize the limitations it imposes on the development of processes connected with Internet content. Allow me to give you a brief example: writers do not suffer any commercial harm because hundreds of thousands of people read their books for free at the library. They do not suffer. That is how they gain popularity. Considering this, we have to ask a question: how, under the present conditions set out by part four of the Civil Code, can libraries use digital technologies if in order to have the right to digitize content, each individual library has to sign a contract with each individual author? In this situation, Russian libraries save themselves by combining their efforts. We have a project called the National Library Resource, which encompasses more and more libraries. It includes the following strict parameters. First, we sign a mandatory license with the author. But the license covers two copies: one is held in the archives, and the other is made available for multi-user access. Then, while using this copy, the reader can access it on the computer screen free of charge. Then, if he wants to make a copy, he has to pay a certain fee. This fee covers the library's expenses and financially compensates the author. It is a perfect system that has reached a balance between all participants: between copyright holders, libraries, and readers. And believe me, in a great many cases, readers go on to become writers. That way, we ensure renewal of the creative process, the creative drive. The losers in this system are not only pirates, but, I would say, content aggregators that commercialize material, who are attempting to create a kink in the system that would allow them to accumulate wealth. In fact, I think the more we try to commercialize content circulation on the Internet, the more we will encounter various widespread manifestations of piracy. And believe me, the war of technologies has no winners. We will never escape this problem, this clash of interests.

As for the questions Ivan brought up earlier, I would like to add one more approach. I completely agree: if we assert the rights and document them

somehow, the author has the right to have his say and at least suggest where his work ought to end up. We can offer the following model: if the author designates it as fiction/entertainment, then we can go ahead and apply the current system of protecting copyright for 70 years after his death. But if he designates it as a scientific or educational work – believe me, ladies and gentlemen, nobody will have any use for a book written about today’s nanotechnologies 70 years after the death of its author. These are obvious issues. That is why I would like to add one thing to Ivan’s proposal: we need to broaden, using an enormous amount – I am interested, first and foremost, in scientific and educational content created using government funding, which, if we look closely, is 90% of everything that is written. On the other hand, I would say that we could shorten the protection period for scientific and educational literature, on the Internet, for example – not in print, but online – to 5-10 years. But again, we can only achieve this in the manner we discussed with the Ministry of Culture and Ministry of Communication: only where the author determines that this is the way in which he wants his work to be used. Thank you.

I. Drozdov:

Thank you very much. Now, I would like to yield the floor to Eric Goldman. He has extensive experience in studying intellectual property issues. Eric, firstly, I would like you to respond to what you have heard here. You might consider certain views unacceptable, or on the contrary, you might share them and find them interesting. Both Ivan and Andrei have shared their thoughts on the topic of developing intellectual property regulations for the Internet. What do you think of these proposals?

E. Goldman:

Thank you very much. I am delighted to be here.

I am going to offer up two perspectives: first about the service providers, and then about content creators.

With respect to copyright protection, I think there is widespread consensus that copyright protection is a good thing. But sometimes, it is misinterpreted to assume that more copyright protection is better.

In Silicon Valley at least, a lot of the innovation takes place in what I might refer to as the unregulated spaces, the cracks in the regulatory structure that entrepreneurs can explore. In many cases, regulation can create barriers to entry. Those entries can either be just the cost of starting up, or in some cases they are actually deliberate barriers to entry from the incumbent players who would like to make it hard for their competition.

We have seen in the United States the benefits of creating safe harbours and immunities that allow entrepreneurs to invest in developing new technologies that exploit those safe spaces. There was some reference already to the Digital Millennium Copyright Act, which created the notice-and-takedown scheme.

From the service provider perspective, I think there are still some concerns about the effort required of them to comply with the statute, but at least they know the rules of engagement. And they can find profitable ways to make investment decisions knowing their obligations.

And so we have seen sites like YouTube, which Oliver spoke about, as an example of a site that was enabled by creating a safe harbour that spelled out the rules of engagement.

If I can shift briefly to the perspective of content creators, there is surely a group of content creators who are emerging who do not believe that copyright is the only solution to accomplish their goals. Some of you are, I trust, familiar with the phrase "Information wants to be free". That phrase, I think, is confusing, but the way I think about it is that the Internet makes information asymmetries unstable. If you have information in place A and not in place B, that is a very unstable

situation on the Internet. The information wants to flow into the spaces where it is not.

And many content creators are thinking about ways to exploit that to their advantage, to figure out ways to use the information asymmetries to create commercial value for themselves. So the principal way is to think that the content that they are creating is a form of marketing to sell something that is a scarce resource, some good or service that is not widely available and can, in fact, be preserved as an asymmetry.

The classic example of this is the band that will post recordings of their live performances for free with the idea that that will create demand among the listeners to purchase goods or services from that band in the future. So we should not ignore the possibility that there are other ways than copyright for content creators to accomplish their commercial objectives. Thank you.

I. Drozdov:

Thank you very much, Eric. I'd like to give the floor to Yuri Lubimov, Deputy Minister of Justice of the Russian Federation. He dedicated a great deal of time to the question of intellectual property back when he worked at the Ministry for Economic Development, took part in negotiations on this subject between Russia and the United States, and has, of course, formed his own opinion about how we can effectively protect the interests of copyright holders while at the same time taking into account the interests of users.

Y. Lubimov:

Thank you very much, Igor. I want to thank the organizers for gathering us here to discuss this issue. This is a truly important occasion. I should probably congratulate all participants on the fact that our topic was mentioned in the President's opening statement. This, to my mind, underlines its great importance at this Forum. As Igor Drozdov said, at a certain point in my life, I was fairly

actively involved in intellectual property issues. This was, I guess, about three or four years ago. But now that three or four years have passed, I see that the discussion has really remained the same. And the problems we are discussing are actually the same. I think I want to look at the topic of our discussion from a different angle, and maybe that way, somehow focus our discussion. The viewpoint we are going to hear on copyright protection – what I would call traditional rhetoric, the concept of copyright – states that we have certain rights that are violated by pirates or other illegal users, and we do not do enough to protect these rights.

What can we do to work more efficiently, to better protect these rights? You know, I think the economic and technological realities in which we find ourselves frame the issue differently, and force us to take a different perspective on this discussion. To tell you the truth, I think the collection of rules designed for written intellectual property is, unfortunately, whether we like it or not, coming apart at the seams. We see this in the example of physical copies, whose sales are a fraction of what they used to be; and in the example of global digital sales, only a fraction of which – just 10-20%, if we are lucky, maybe a little more – are legal. I think the question is not about how to make these existing rules work, but about how long is left until these rules are completely outdated and we can happily lay them to rest. However, I do not support the rhetoric of my colleagues who say: “These traditional copyright rules are gradually becoming obsolete—and good riddance; pretty soon they will all be gone, and we will be living in a new world”. I think this creates a very big problem, which I would not call a legal or even financial problem, but a cultural one: when the author cannot monetize his labour, cannot adequately monetize his efforts, he loses the incentive to produce a creative work. This significantly lowers the level of cultural content that surrounds us. We can already see this in the example of television, which we all watch. I am not talking about Russian television, but about television in other countries. In some cases, its quality is much lower in terms of entertainment

content. That is why I think our present goal is to find a new way of monetizing authors' work in new technological conditions. Our discussion of relationship between copyright and technology puts me in mind of a discussion we might have witnessed 50 years ago between people who wanted to keep using horses and attending horse races like Royal Ascot, and those who preferred to travel in cars, trains, and planes. Of course a horse is definitely better: it is environmentally friendly, it is attractive, it is wonderful, and the jumps are especially beautiful. But we know that technology keeps moving forward, and it is impossible for everyone to keep riding horses. You know, when I sign documents that come across my desk, I still use a fountain pen. It is inconvenient: I have to keep buying ink, the pen is always dirty, and so forth. But it feels good, it looks good. But I cannot force my co-workers to write with a fountain pen. So I think as technology moves forward, the things that only yesterday seemed so natural eventually turn into an object of beauty, a luxury, if you will. Technology is advancing, and the mass segment is growing cheaper and somehow more accessible. Something similar is currently happening with creative content. Unfortunately, right now we cannot protect creative content using the methods invented for content in paper form. We have to agree on this. You see, whatever we decide today in the course of our discussion, in reality, the situation unfortunately won't change. Unfortunately, the traditional copyright system will continue to deteriorate with every passing year. And if we do not find a new author monetization system now, in 10 years we might find ourselves in a situation when the copyright institutions of the 1960s and 70s are completely shattered, but we never proposed an alternative copyright system. Our authors will look in shock at torrent trackers or other file-sharing facilities available on the Internet and wonder why they are not making any money. I think this is a situation when technology changes the legal framework. This is an objective reality that has nothing to do with our wishes. That is why we currently find ourselves at the point where we must simply consider the problem from a slightly

different angle and try to find an answer before we are backed into a corner. Thank you very much.

I. Drozdov:

Thank you very much, Yuri. You see, our discussion is taking what I think is an obvious turn. Most of us agree that we have to change the current rules governing copyright on the Internet. We cannot keep living by the old rules. They have shown themselves to be ineffective. I would like to go back to copyright holders, because they are the ones who usually insist on the necessity of preserving the current rules. I am interested in what Kevin Lawrie, President of Sony Music Europe and Africa, has to say on this subject. What do you think, should there be any changes, any special features of content use on the Internet, or do you think we should continue to act within the framework of existing rules and simply ensure their effective use?

K. Lawrie:

Thank you for the invitation and thank you again to the organizers.

I would first like to address that question by saying that we currently invest in Russian intellectual property through our company here. And we believe that Russia will become an immense creative force as the 140 million Russians go about the business of creating music, games, design, and software for the world, and that intellectual property should be protected in China, in the U.S., in Mexico, in Sweden.

We represent several artists—Denis Matsuev, who was just awarded the People's Artist of Russia award; Sergei Lazarev, who is a very different kind of artist, very pop-oriented. Denis is, of course, in the classical realm. And these are creative spirits who should be well-represented around the world as their music becomes known and connected to a public.

So this is about the protection of Russian creativity as well. And, yes, we believe that there should be a level playing field globally that ensures fairness, general fairness, among content creators, so that those creators can be incentivized in Russia to invest more in the creation of games, intellectual property, music and in other forms of creativity.

I can tell you that when you have that level playing field in a market, it works, and I will just use one market as an example and that is Sweden. A few years ago that market was dominated by theft and piracy. Pirate Bay was invented in that territory and it became a battle cry for youth and freedom and the new Internet anarchy, if you will.

And a couple of things happened. The government began to see that that was not entirely fair, and so they enacted legislation that put pressure to take down illegitimate sites. Pirate Bay was sued and judgments were made against them.

And at the same time, it's very important that legitimate services were given license by the content providers, the principal one being Spotify. And so the public had access, suddenly, to virtually every piece of music ever created. That is a pretty compelling service. And initially that service was ad-supported, and now it has become available through premium subscription.

I can tell you that it works, and that is interesting, because we project that a year from now or two years from now, the entire value that existed before theft and piracy will be replaced by legitimate Internet-driven online delivery service. And after many years of poor decisions, on our parts perhaps, and a very confusing and complex structure to get all of the rights holders together and aligned, that license has been given, and the service has become popular and embraced by the public—so it works.

There is a Russian service called Zvuk, which is almost licensed and could become licensed. It could provide a similar service to the Russian public.

So, it is about the protection of Russian content providers and, if you can get the rights holders aligned with legitimate services and with a bit of help and nudging

on the part of the government towards those legitimate services, a fair system can be created to compensate all parties involved.

I. Drozdov:

Thank you, Kevin.

In Russia, we are also thinking about ways of perfecting legislation; thinking about the kind of proposals we can formulate for the international community. I still think most people share the opinion that it is fairly difficult to exist within the limits of traditional copyright rules and to protect the interests of copyright holders and the interests of authors within those limits. At the same time, the situation when a significant number of users are, in effect, violators is unacceptable. We are working to propose a model that would be truly fair, if we can use this word in this context. It would be fair to rights holders and users alike. On the one hand, we want to make sure that Internet users do not feel like violators and do not act like violators, and on the other hand, that their online activities do not violate the interests of copyright holders. That is why I now want to give the floor to Deputy Minister of Culture Ekaterina Chukovskaya, who has been exploring a number of proposals in this area along with us. It is my pleasure to yield the floor to her so she can share them with you.

E. Chukovskaya:

Thank you, Igor. We did consider these proposals together with the Ministry for Economic Development and the Ministry of Communication. Unlike many other speakers we heard today, we decided to concentrate on several specific points. Our purpose was, first and foremost, not to look for innovative ways of prosecuting violators – site closures, collection of information about who is violating what and for how much money – but to attempt to define what is legal. How can we use a creative work within the bounds of the law? And once we defined the framework, we thought we would declare, or at least assume, that

everything outside this framework was illegal. Our second idea was to concentrate exclusively on Internet issues, without touching upon the tax system and without destroying copyright principles formulated several centuries ago. Because no innovation can ban a creative work made using traditional methods. When film was invented, people said it would destroy theatre. When television was invented, the media said film would cease to exist. But they all coexist. Only the balance of use shifts, perhaps. In addition, we tried to consider the Internet's shortcomings from the perspective of our predecessors, who were focused solely on creating the liability system for violators. These shortcomings are the Internet's territoriality, its cutting-edge technology, and the limited opportunities it offers for people to get involved in technological processes. We tried to look at these features as advantages.

That led us to a few conclusions. First of all, the rights in and of themselves – copyright, the right to access information, the right to use cultural heritage – have not changed. What has changed are the tools. We should not be led blindly by these tools. Instead, we should, perhaps, channel these tools into more proper legal channels. Our first proposal is the creation of a new system of bargaining and contractual tools. In other words, why does everyone think it is so hard to buy a creative work on the Internet by legal means? Because our legislation – at least up until now – has required a written contract. In other words, once I have found a creative work that captures my interest, I have to turn off the computer, get on a train, find the copyright holder, and somehow negotiate mutually beneficial terms. Therefore the first thing we propose is that we change the set of legislative tools: how the negotiations are conducted; how contracts are signed; whether it is possible to institute some sort of shrink-wrap licenses like the ones used for PC applications; or whether negotiations can simply be done using clicks – in other words, by using implied contracts. That is how we will ensure that any new provisions have technological effect on the form of relationships, rather than their substance. And actually, in the first stage of our work, we

considered a number of outlandish ideas about how the legal structure might have to change. Mr. Loginov mentioned various timeframes for the protection of different types of creative works. We considered returning to the state of pre-2004 Russian legislation, when digitization was not considered to be reproduction. We had a lot of other models, but we finally decided that the substance of relationships must remain the same. Copyright should continue to protect the interests of creators just as it always had, no matter how content distribution methods might change. And secondly – and during today’s roundtable, I heard even more proof that our position is correct – all copyright holders have their own views on their work and its fate. Some want to have complete control over the use of their work and get the maximum amount of profit from it. Others are ready to distribute their work freely in order to promote it. Some – particularly scientific researchers, especially those financed by the state – say that the compensation they received at the creation stage is enough for them, and they do not want to keep collecting royalties. (Which are, of course, the whole idea behind copyright). And it follows that authors themselves come up with various protection models. Why not give them an opportunity to choose for themselves how they want their work to be protected? The Creative Commons idea is part of the same movement. It is a fairly common trend: it has only eight models, but the author who is distributing his works online or using analogue media can declare that he wants, for example, to protect his work from alterations, but allow every other type of free use. After all, money is not the only issue: it is a question of the author’s reputation and of how we define non-property rights in general; a question of knowing that this work was created by this specific author – or that the author uses a pen name, which happens quite often. In other words, the economic models are not the only thing at issue here: it is about the author’s status and his relationship to the creative work. So it seems we must give the author some kind of universal way of declaring his vision, his wishes, and his ambitions. In addition, this will help authors get more actively

involved, because actually, today, the situation on the ground looks like this: the state provides certain protections – in fact, it does not just provide them, but, I would say, it imposes them. The copyright holder says, “You forced these protections on me, but cannot even ensure their enforcement”. And as a result, the author loses out. We propose to change the centre of gravity. We propose that the copyright holder collaborate with the government in the protection of his interests. And when the author has an active role, he can choose his own model out of the wide array of protections provided to him by the government. We call him a “legal designer”. He can select the ways of using his work from which he would like to earn money, and choose the areas that might be free. He can define the timeframe for his protections, as Mr. Loginov mentioned. Or he can set a schedule. This is the idea, the principle of using content within a certain time period defined in the European Convention on Transfrontier Television: for example, a film is released in cinemas, and it can only be released on DVD or any other medium no less than six months later, then be shown on a television network that co-produced it or prepaid for the rights no less than a year later; then two years later, it can be offered to other channels. This idea was defined in the 80s, and was defined in the Convention. But this is a way of squeezing the maximum amount of cash out of content users. The author can design something similar. He can define, for example, payment methods and the amount of compensation he would like to receive if he controls the use of his work. This could be in the form of a direct contract or one-time payments made personally by the user. Or it could be some sort of compensation, maybe similar to private duplication fees. It could be distribution of advertising revenue similar to the model used in television. In other words, the author can define how he wishes for his work to be used. And we cannot forget that both the Convention and national legislative frameworks include exceptions that permit the use of creative work for humanitarian purposes without the author’s consent or without financial compensation. Once we created this pretty picture, we thought, what can serve

as this universal legal tool that would allow us to realize all these dreams? And we decided that it could be a kind of public registry. Keeping in mind the principles of the Berne Convention in regard to the absence of formalities, we decided that rather than a registry of copyright objects and related rights, it should be a registry of digital formats. Fortunately, there is a finite number of formats that can be used on the Internet. This registry must be public, and in addition, it cannot be limited to the national level: it must be international, but must be built on the foundation of national trade registries. Mr. Loginov has often pointed out that Russia's national libraries, including the Russian State Library, could easily take on this function. We would like to begin a pilot project in the nearest future, just so we can see how it works. And finally, the most important point: by creating this kind of tool, the government, or governments, arm the author with a way of protecting his interests. And if the author fails to use these tools, if he neglects them, it means he does not care about the use of his work, and it can be distributed online for free. Right now, that is the idea we have so far. Though it may be vague, it represents the joint efforts of our Ministries. Thank you.

I. Drozdov:

Thank you very much. We have very little time left, so I want to ask our remaining speakers (we have four speakers left) to give us short responses to what they have heard here today. I would like to give the floor to Miriam again. And I would like to welcome Benoit Ginisty, who represents the Film Producers Association. Yes, Miriam.

M. Sapiro:

I just wanted to say thank you very much, Igor and everyone. I have to beg your pardon and excuse myself. But I look forward to following the rest of the discussion virtually. I also want to observe that the consensus I am hearing is not

so much that the existing rules should be changed but that there are two fundamental principles that I think we all agree on.

One is the protection of intellectual property rights as a universal value, whether in Russia, the United States, Europe or any other region. Two, that it is the decision of the rights holder, and not the government or government agency, to make the decision on how the rights that they hold—they are called 'rights' for a reason—can be allocated or distributed and be made more accessible.

So, thank you, again, for this wonderful opportunity. And, again, I look forward to seeing all of you soon and continuing the discussion.

B. Ginisty:

Thank you, Igor. I would like, first, to thank all of you for giving me the opportunity to contribute to today's reflection on how to ensure a sustainable Internet for the benefit of economies and societies worldwide. FIAPF is a global organization representing the film producers' community worldwide, and our membership is located on five continents and includes Russia, in the form of the Russian Guild of Film Producers.

First, a basic remark—and I am talking, obviously, on behalf of the film producers' community worldwide: we see the Internet, as relates to new distribution possibilities, as a historical opportunity for the creative sector.

It may be a tremendous opportunity if we all manage to address the current dramatic challenges, and here we are. I offer today as my theme the concept of responsibility. I think it's important, as Mrs. Sapiro referred to, to recall that the G8 presidency by France has been at the forefront of the vision of an Internet of legality that meets the needs of citizens with a whole array of services, including more legal content.

The current G8 presidency recognizes that the Internet has become a fundamental aspect of the way of life of many, especially the young; hence, the

need and desire to ensure that the Internet is a civilized space. In French, the term is 'espace civilisé', so I hope the translation is correct—a 'civilized space', the same as in the physical world. This concept actually was endorsed by the heads of state at the recent G8 Summit in Deauville.

In order to achieve that vision—and this is my message today—we will all have to take our responsibilities. When I say 'all', I refer to rights holders, obviously. I also refer to Internet service providers and governments across the globe.

Yes, we, as content producers, we have to find ways to deliver what we create to consumers in ways that meet their expectations. We are doing so, and we will be doing more. In our sector, film, we have done much to embrace new platforms and we continue to do so.

Yes, we will have to keep an open mind and be willing to question conventional wisdoms; to experiment, and to work with those who have new ideas. But, at the same time, the ideology of 'free' must be debunked. It is not a sustainable business model for creators and for the thousands of people who work in the creative sector any more than it is for the Internet service providers and intermediaries.

Very few goods or services are offered for free in society, and, if they are, they are paid for by other means. The ideology of 'free' is also an ideology that distorts perceptions of right and wrong with resulting damaging consequences for society.

For years, our quality content has served as a broadband driver via ISPs. We mostly did not get paid, as illegal content output expands the customer base and consumer reception of broadband services. This has constituted a kind of taking, a resource transfer, or, if you will, a market failure.

The time has come for a change. I sense this is happening as more and more countries, including a number of G8 countries, take inspiration in their own way from the call to take responsibility. And, obviously, I could name France, Spain, the U.S., New Zealand, South Korea, and so on. Those countries, enacting

measures targeting users, aim to educate and to change behaviour. Those taking care of measures targeting rogue sites aim to tackle the supply side.

Finally, there is a third pillar. I expect and hope that we would see effective measures that will cause intermediaries, such as search engines, to take their responsibilities too, and obviously I will take notice when Mr. Metzger will address this aspect.

We must all play by the rules of society. The Internet is not a license to ignore the norms society has set. No one is entitled to proclaim that they are outside of or above the rule of a civilized society.

When I refer to responsibility, I do not mean to challenge the legal liability privileges granted to service providers under law in, for instance, the European Union or the United States. What I mean is making sure that players and operators are simply made accountable for their actions in the online world the same way that accountability governs the offline world and guarantees that rights and freedom, and, actually, the rule of law, are respected in our democratic societies.

When this is accepted, and I'm confident it will be, the Internet will achieve its full potential as a driver of sustainable growth—which is what we all want, I guess.

The creative sector, dependant on strong and modern copyrights, will obviously make its contribution. Thank you.

I. Drozdov:

We only have time for quick remarks. I give the floor to Alexander Maslov, Deputy Minister of Communications.

A. Maslov:

Thank you, Igor. Strictly speaking, our ministry's position was set out by Ekaterina Chukovskaya, who presented the results of our joint efforts. That is why I wanted to follow Benoit's speech, in which he mentioned the practice of

increasing the liability of users, which is something that has been spreading to a variety of countries of late. I would like to present what we think are interesting numbers that actually characterize the position of Russian users in regard to content.

We have conducted studies which showed that 80% (the exact number, taking into account the margin of error, is 81%) of Russia's Internet users will continue to support pirated content despite the well-known dangers: viruses carried by pirate resources; the likelihood of legal prosecution; and the low technical quality of content. But the same sample yielded another number: 83% of respondents – 2% more than those I mentioned earlier – have nothing against integrated advertising. 76% of respondents are willing to pay for content if it becomes available within a month of video release. (I am talking about video content). In other words, we see that despite Russian users' overall positive attitude towards piracy, approximately the same amount of respondents with a positive attitude are willing to dip into their pockets to monetize content – using, for example, the advertising model instead of the copyright system, instead of the traditional system. That is one option.

Another option is to make content available to them in electronic format while it is still fresh, so to speak: not six months or 10 years after its release, but much sooner. In our opinion, this shows that the prospects are not so bad. If we can approach the issue from several sides – from the legislative perspective, by adapting legislation to new technological and economic realities, provided that copyright holders will create conditions that would make content more accessible in the new medium, and will use new content monetization business models – then it is possible that this multilateral approach will improve the situation considerably. Thank you.

I. Drozdov:

Tim, just one minute.

T. Renner:

Fantastic—then I will use this one minute to tell you all that legal protection of intellectual property in the Internet environment is an illusion.

If you focus on this aspect, you are pretty much lost. The key thing has to be to make an offer. The key thing is to accept that producers have lost control in a way.

I come from the music industry, from Universal Music in Germany, and we used to control the bundle, the way we sell you songs. We sold you 10, 12 songs as an album when you only wanted to buy three or four, and that was changed by the Internet.

We made you listen to songs on the radio. We made you read about the new releases in the press, and only weeks or months later we released the records because we created demand.

This control of timing is gone. It is also gone for the film industry, the four-step model. We have to accept that these things are changing. We have to implant new things like Spotify, where you can get everything the very moment it is in the market.

It is not so much crying for your countries to implement laws. We need laws in order to make piracy more difficult, but they will never control it. They will be in Tonga or wherever, and I don't know whether Miriam Sapiro will want to go with battleships to Tonga to actually stop them from hosting a service that is supplying pirates.

So, we have to accept that there will be a hole for pirates every time. We have to concentrate on fantastic offers, and we should not forget that even the pirates, even if you look to torrent sites or Kazaa or to other offers, they often give you a premium service you have to pay for; they often give you premium access and whatever.

And people pay for content if it is linked to convenience. And to end on the positive side, we have got five iPads around the table. You guys paid four times

what you have to pay only because you want image and convenience, and that is what we have to do with content, too. Thank you.

I. Drozdov:

Thank you. We have with us today producer and music critic Peter Jenner. I would like to invite him to speak.

P. Jenner:

I am going to echo a lot of what Tim says. I come from a background where I have made my living for the last 45 years indirectly out of intellectual properties, so I am someone who believes in it.

I think we have to find ways which are consistent with the consumers' behaviour, the end-users' behaviour, and I think we have to accept that we have to find ways that work with the way they use the Internet rather than work against it. So I echo what Tim is saying: "Control is dead."

And I think that we have to be thinking in terms of remuneration—getting paid—rather than controlling. It may well be that we have to find indirect ways of getting paid, whether it is through a subscription model, whether it is through advertising, whether it is through some combination.

And then, also think in terms of segmenting the market; there are different layers of enthusiasm for music or for any particular content, and some people just want noise in the background and they are not going to pay very much. And there are some people who are addicted to a particular artist and they will pay a lot of money.

I think that we have to be much more subtle with how we look at the whole pricing proposition online and what we can provide. I think there is no way that we are going to stop piracy, so I think that we have to compete with 'free', with 'feels free'.

I think that that is the key issue: How can we make it payment-invisible—payment so that you do not realize that you are paying for it? We do that in the U.K. with broadcast licensing; we do that in the U.K. through advertising services. All these ways are ways of finding ‘feels free’. When we get the Internet connection, we pay for it. We pay for the electricity. We pay for all the stuff that's behind it. We pay for the advertising. Why should we not also pay for the content?

I would also go so far as to suggest that if the standard Internet charge was twice what it is at the moment, the additional half could be used to pay for all the content, because we can see what is being used. You can analyze the content on the Web without looking at what everyone is necessarily looking at, or reading, or listening to—you can analyze the traffic. Through that, you can attribute lots of revenue.

I think we need innovative 21st-century solutions to a 21st-century problem. We have to find a way for the creators to get paid if we want new creations. That is essential, and that money has to go as far as possible and as efficiently as possible to the creators.

At the moment, Spotify has been raised as a great model. I question that. In the U.K., we do not see any of the money coming through to the artist. Where is it going? Where is the money from Spotify going? There may be great revenues from Spotify, but it is not getting to the artists; it's not getting to the creators, wherever the log jams are. Who owns Spotify? The record companies, partially. What are their deals? We do not know.

There are areas of secrecy all around the Internet which really undermine its legitimacy. And when you undermine the legitimacy as it has been in many ways in the West, then you undermine these feelings of morality which the ordinary consumer has.

If you do not feel that the money you are paying is getting to the right people, you feel very reluctant to pay for it, or if you feel it is going to people you do not want

it to go to. Do I want my money to go to Sony or do I want it to go to the artist? I want it to go to the artist. It is really important that that chain of legitimacy should be seen and reflected.

And finally, I would like to suggest that what's most important is that we develop registries of content, because whatever happens, however we charge, we need to know what is being accessed, what is being used. We need to be able to find it. Some forms of registration of content are absolutely vital on both the national and the international level.

And there I have put on my WIPO adviser hat, where there is talk of trying to develop an international music registry so that we really can see what is going on and what music is being listened to all around the world so that we can make it easier for it to be tracked and to be rewarded appropriately. Thank you.

I. Drozdov:

Thank you very much, Peter. Now, I will give the floor to Artemy. We have heard such diverse points of view today. Tell us which ones are close to your heart.

A. Troitsky:

Good morning. Yes, we have heard all sorts of viewpoints, starting with the most liberal ones. But the anarchist perspective has not been represented. I am only too happy to fill this gap. Intellectual property... The very concept is swiftly becoming outdated. This expression is turning into an oxymoron. Everything created by the human genius and intellect has to belong to humanity. Public domain.

I. Drozdov:

We are not getting the interpretation. Please turn on the interpretation.

A. Troitsky:

I think this might shock some of our foreign guests, so we perhaps it's better if we do not translate it. Under no circumstances should we equate authors with copyright holders. Authors are the great minds, creators who move the human culture forward and drive human civilization, science, and so forth. Copyright holders, who, as a rule, are not the authors, are there just to make money. They are motivated by profit. This motivation can easily be excluded in the interests of humanity. Assertions that without material incentives everything will grind to a halt, nothing will happen without investments, are empty and insincere. A talented musician will not remain silent: he will continue to write good music. A talented scientist will not simply go to sleep in his attic and stop working and inventing: he needs to be creative. Humanity will continue to move forward no matter what. And the easier everyone can access these achievements – humanity's intellectual and creative achievements – the better for our little species, which currently finds itself in a pretty difficult situation, face to face with a great number of challenges which we can only overcome if we break out of our greed and cultivate the pursuit of solidarity and goodwill. I remember one of the vinyl records I had as a kid: it was called *Five Million Elvis Fans Can't Be Wrong*. In the same way, I can say that three or four billion Internet users cannot be wrong. It is 100,000 businessmen and their lobbyists who are wrong. It is a matter of time – and not a long time at that – before this mistake will be corrected. Thank you.

I. Drozdov:

Thank you, Artemy. I think on this note, our round table has successfully come to a close. I want to thank all our participants. Thank you.