



WIPO Sub-regional roundtable

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IFPI – what we do

- IFPI (www.ifpi.org) represents the recording industry worldwide
- National Groups and affiliated industry organisations in 57 countries, 1,300 members (three major international companies and hundreds of independent labels) in over 60 countries.
- 3 regional offices, 1 representative office, HQ in London, UK
- IFPI promotes the value of recorded music and seeks to create a better environment for our members to do business
- Priorities:
 - Securing better rights worldwide
 - Anti-piracy actions for effective legal protection worldwide
 - Industry statistics on music consumption and digital developments
 - Collective licensing and work with over 70 national recording industry Music Licensing Companies (MLCs), developing and improving industry collective licensing capabilities

Why the WIPO Treaties matter

- Consumption of content, and right holders' revenues, are moving online.
- The WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) are critical building blocks for a functioning digital content market place.
- Without sufficient legal and commercial certainty -- adequate harmonised protection across markets -- and international protection, right holders, local and international, are unable to benefit from the new global digital opportunities.
- The Copyright Industries contribute significantly to the economy:
 - They are powerful GDP contributors (see also the WIPO studies)
 - They are an important source of income and jobs
- NB! The treaties set the baseline for protection in the digital on line environment, governments may need to ensure revise and update protections, c.f. Art 15 WPPT which may no longer provide adequate protection in the online streaming environment.

Industry snapshot

↑ 5.9%
global revenue
growth

380
digital services
licensing up to
40m tracks

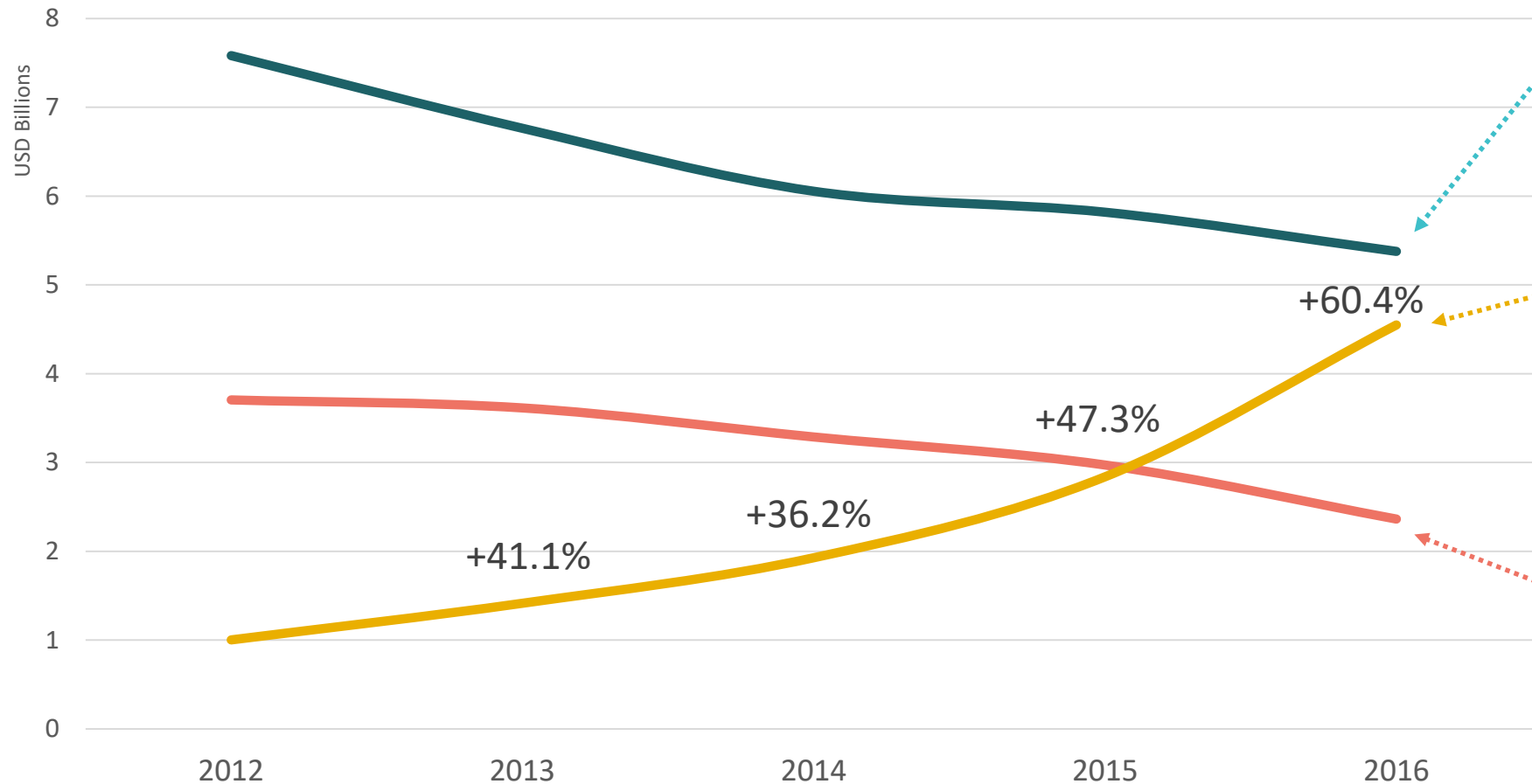
50%
of sales
revenues from
digital

112m
subscribers to
paid audio
streaming
services

The recorded music industry is a digital industry

The Evolving Revenue Mix

GLOBAL RECORDED MUSIC REVENUES BY SELECTED SECTORS 2012-2016



PHYSICAL

Sales of all physical formats, including CD and vinyl: revenues down 7.6% in 2016



STREAMING

Subscription audio streaming, ad-supported audio streaming, & video streaming: revenues up 60.4% in 2016

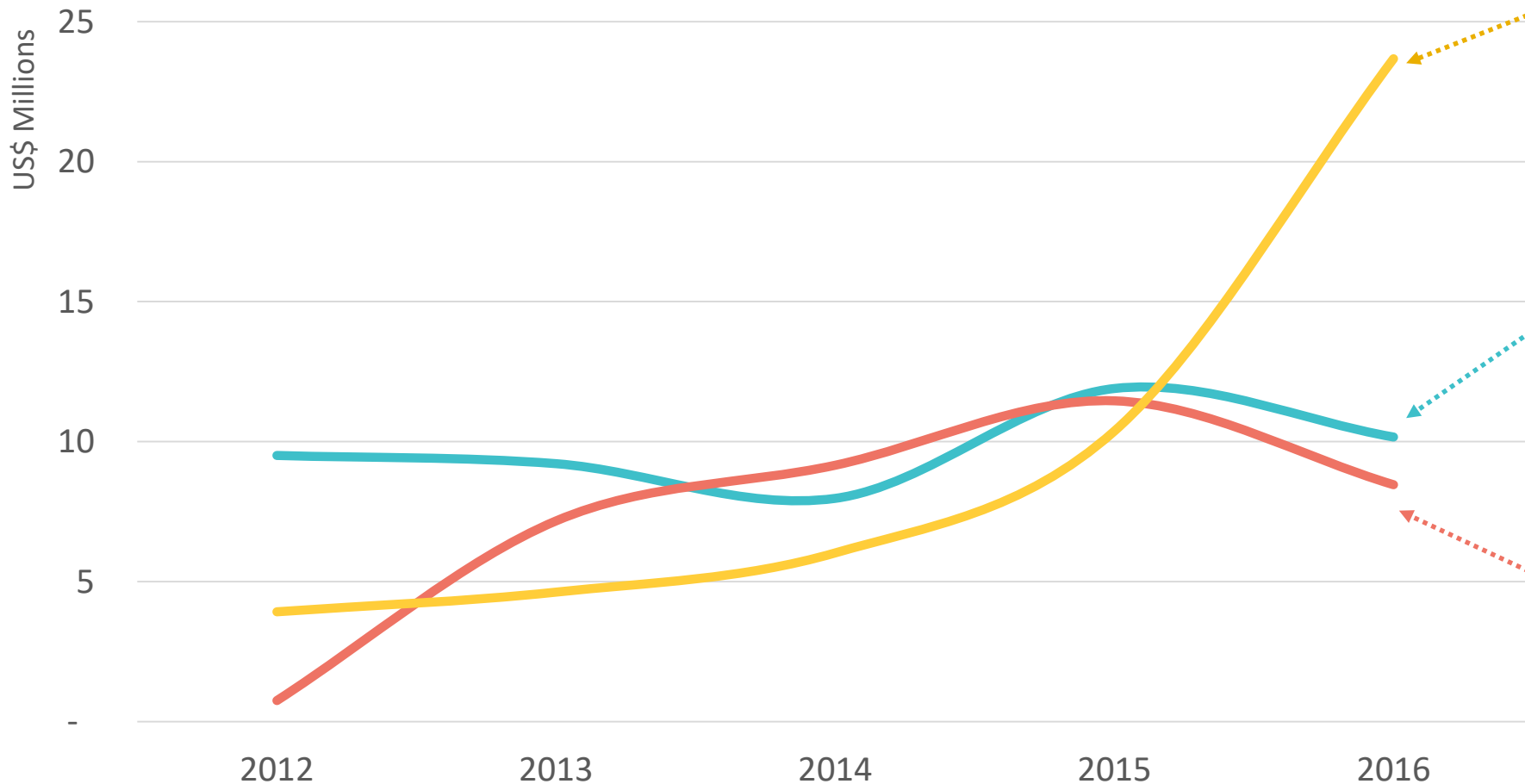


DOWNLOADS

Permanent downloads: revenues down 20.5% in 2016

The Evolving Revenue Mix

RUSSIA RECORDED MUSIC REVENUES, SELECTED SOURCES, 2012-2016



STREAMING

Subscription audio streaming, ad-supported audio streaming, & video streaming: revenues up 128.2% in 2016



PHYSICAL

Sales of all physical formats, including CD and vinyl: revenues down 14.6% in 2016



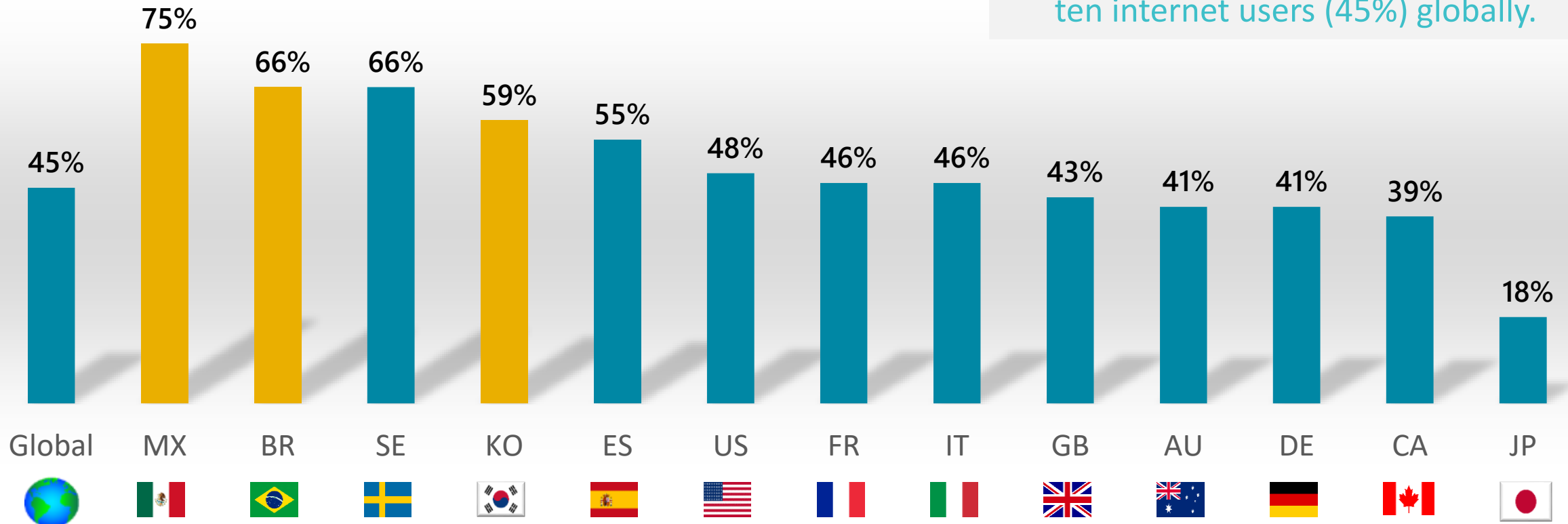
DOWNLOADS

Permanent downloads: revenues down 26.2% in 2016

The rise of streaming is reviving markets across territories

Audio streaming, 2017 (past 6 months)

Audio streaming services are becoming the norm, used by more than four in ten internet users (45%) globally.



Source: IFPI

Based on all respondents (n=11,776) from all 13 countries surveyed (US, Canada, GB, France, Germany, Spain, Italy, Sweden, Australia, Japan, South Korea, Brazil, Mexico).

The Beijing Treaty

Why do the Beijing Treaty and audio-visual performers' rights matter for the recording industry?

1. Commercial interest

- Sound recordings are used as soundtracks in films and other audio visual products
- Record companies are also producers of music videos, music videos are an increasingly popular way to consume music in particular on on-demand streaming platforms

2. Legal / treaty aspects

- Maintaining the inherent logic and coherence within and between WPPT and the Beijing Treaty

Apple Music

Overview

Membership

Free Trial

Only on Apple Music

Enjoy it here. First.

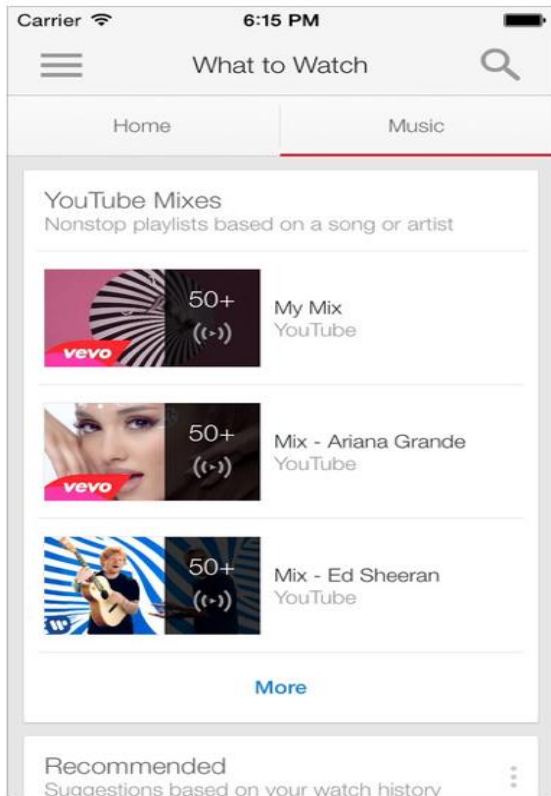
Be the first to hear songs and albums from top artists, emerging acts and more. You can also experience music videos, concert films, live shows, and original content like TV programmes and films, created exclusively for Apple Music members.

See the latest premieres



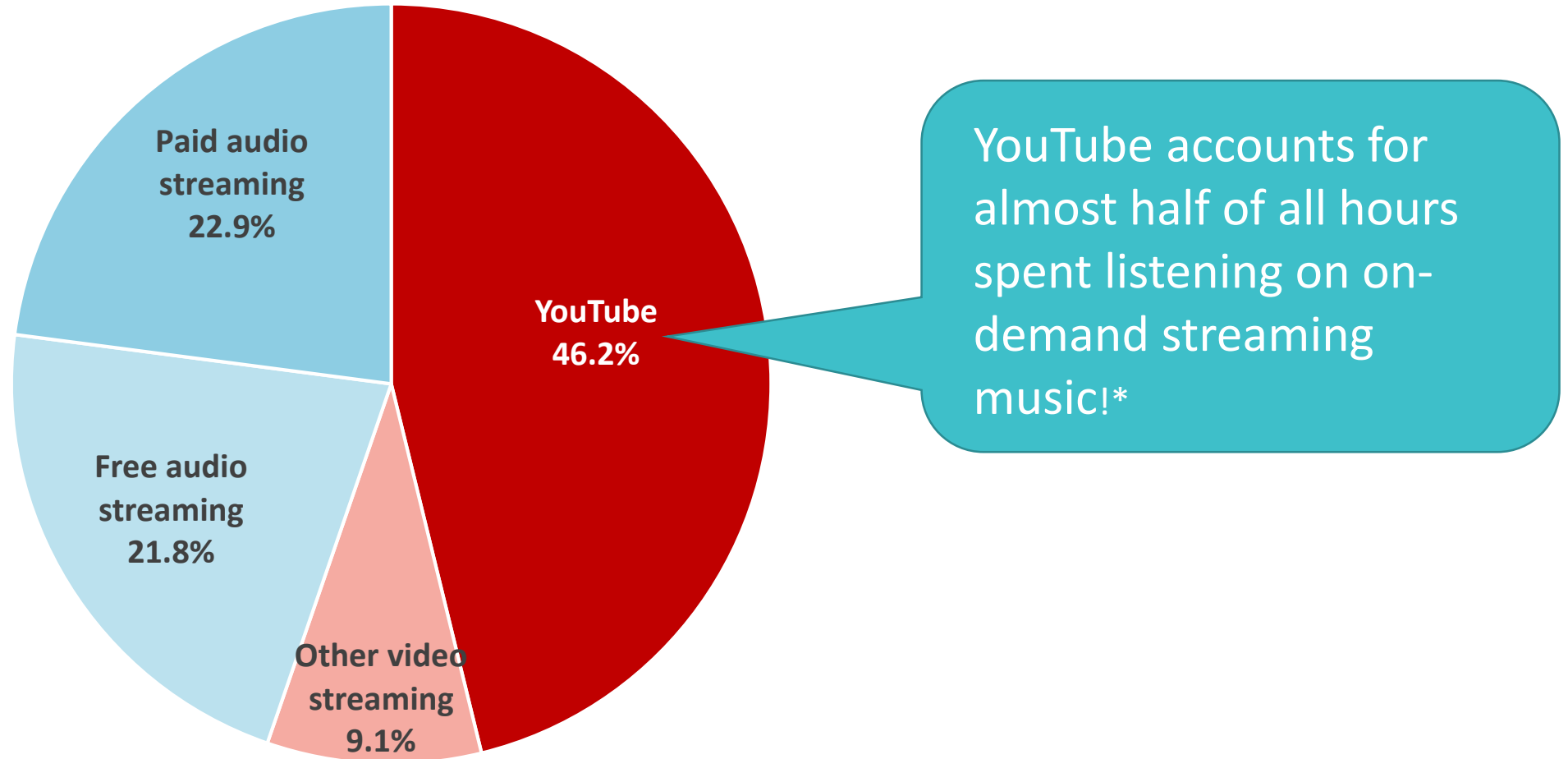


YouTube
Google, Inc.
★★★★☆ (63)



- Ipsos research from January 2016 found that **71% of adult internet users stated that they use YouTube for music.**
- With an estimated 1 billion monthly users overall, YouTube video service is currently the world's most popular music service.

YouTube dominates on-demand streaming market



*Ipsos consumer survey 2017 across 13 countries for IFPI

IFPI position

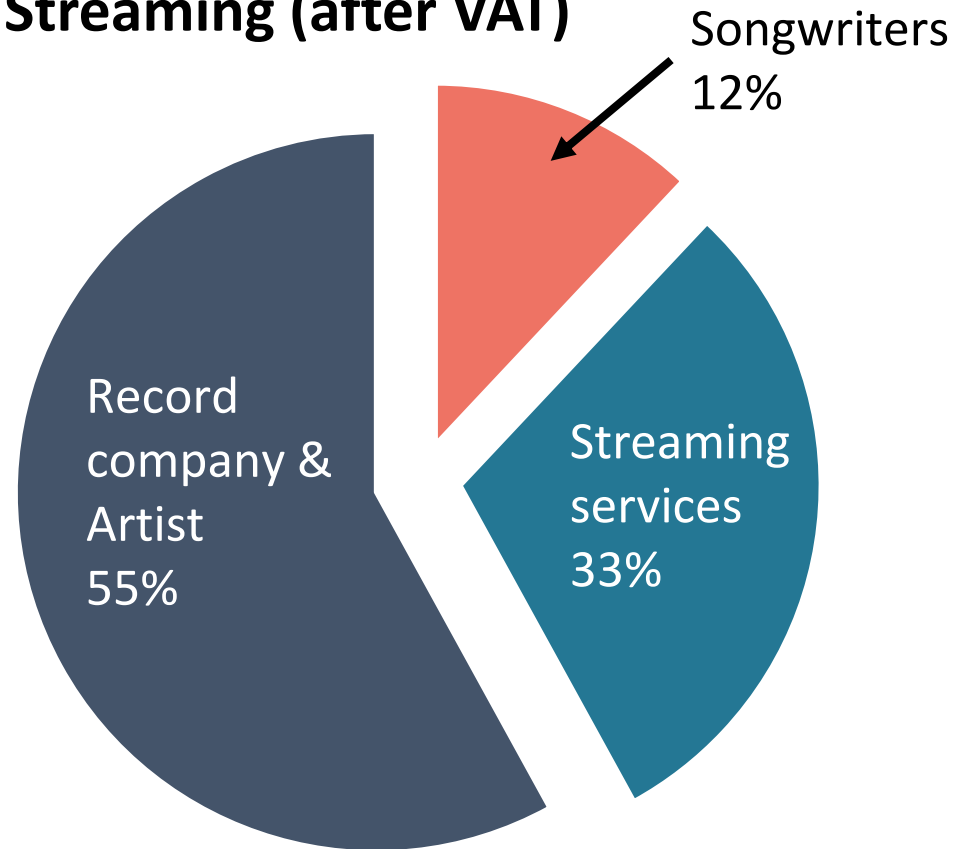
1. IFPI supports adequate rights and protections for all performers, “aural” as well as audio visual.
2. The Beijing Treaty should however not be taken out of its proper context: there is no point in providing protection to audio-visual performers without:
 - Protecting authors, musicians and phonogram producers; and
 - Ratifying the 1996 WIPO Internet Treaties, (notwithstanding Article 1(3) of the Treaty).
3. Legislation should support, not disrupt, rights licensing and the development of a healthy and fair digital market place.

IFPI position – exclusive rights for performers

- It is essential to take account of the industry practices within the affected sectors.
- In the music industry performers transfer their rights to producers, who license the use of the recordings and music videos and pay performers.
 - AV performers should be granted full exclusive rights, including for public performance and broadcasting under Art 11 as foreseen in Article 11(1), enabling performers to negotiate the terms of use for their performances.
 - Performers' rights should be generally transferable and subject to rebuttable presumption of transfer of rights to the producers (as contemplated by Article 12(1)).
 - Legislating on “unwaivable” rights under Article 12(3) risks restricting the freedom of contract of the parties and creating obstacles to digital markets, ultimately harming performers in particular if combined with mandatory collective management.

Digital growth benefits everyone

**Rough revenue share –
Subscription Streaming (after VAT)**



Insight 1.

Right holders share of revenues is no smaller for subscription streaming than for CD sales.

Insight 2.

Artist's share depends on the individual agreement between the producer and the artist. There is a variety of models artists can choose between, from traditional recording agreements to Joint Ventures.

Insight 3. Artist share of royalties has grown



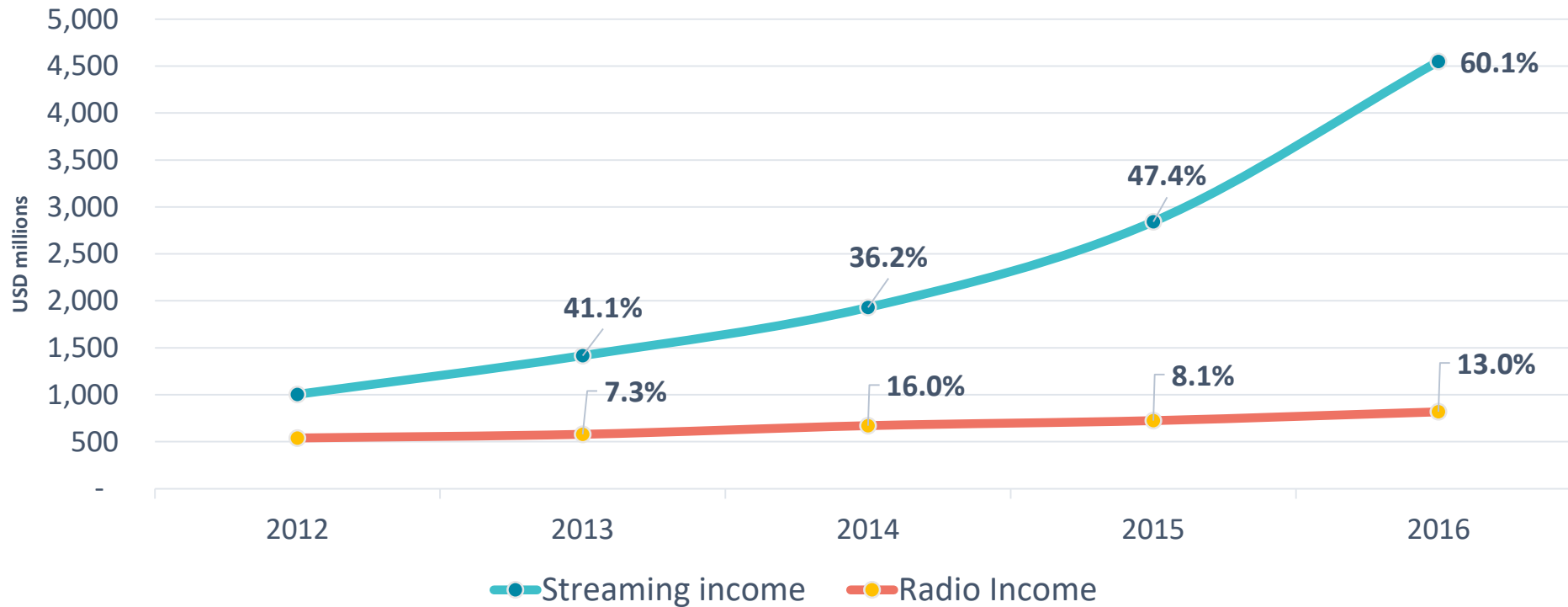
Increase in artists' share of royalties
from 2011 - 2015

“Artists may secure a slightly better rate on downloads than CD, and a slightly better rate again on streams over downloads”

MMF, Dissecting the Digital Dollar, p57

Access is replacing ownership; streaming is the new sales, not the new radio

Global revenue trends in Streaming and Radio, 2012-2016, with year on year growth



IFPI position – no retroactive rights

- To avoid creating legal uncertainty, any new rights granted following implementation of the Treaty should apply only to fixations made after the ratification of the Treaty (Article 19(2)).

Treaty coherence

- Before or simultaneously with the implementation of the Beijing Treaty, states that have not yet done so, should ratify and implement the WCT and WPPT.
- The Treaties include a number of common and shared definitions and provisions, including protection of TPMs and RMI, that should be interpreted in a coherent manner.
- The Beijing Treaty protects *audiovisual performances*, it does not apply to performances fixed on sound recordings incorporated in audio visual works. Performances in sound recordings continue to be governed and protected by the WPPT, even after their incorporation into audiovisual works.

Conclusions

- Copyright industries have great growth potential. New digital distribution channels offer opportunities to creators, performers and producers across territories, provided their rights are respected and recognised internationally.
- States should sign up to the Beijing Treaty, but not without also acceding to the WCT and WPPT.
- Implementation should support licensing of rights, not disrupt the industry practices within the relevant industry sectors.
 - Audio-visual performers should be granted full exclusive and freely transferable rights.
 - Rights should be granted for performances made or recorded after the implementation of the treaty.
 - The implementation of the Beijing Treaty should not undermine or contradict the WPPT definitions or rights.



Thank You!

Questions / comments:
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