

**Written evidence jointly submitted by the Department for Digital, Culture,  
Media and Sport and the Intellectual Property Office**

**Digital, Culture, Media and Sport Committee**

**Call for Evidence on the Economics of Streaming**

- The Government welcomes the invitation to provide written evidence to the inquiry of the Digital, Culture, Media and Sport Committee examining the impact of streaming on the music industry. We want to ensure that the Government provides robust evidence to inform the debate.
- The Government is therefore providing written evidence setting out its position as well as data on piracy and copyright issues, given the relevance to the matters under consideration by the Committee.
- While contractual agreements between rights holders and streaming platforms are a private matter, the Government recognises the importance of fair remuneration and transparency in the global streaming environment. The Government continues to encourage the ongoing dialogue between music creators, record labels, and streaming services, as they seek to resolve challenges in this area.

**1. Streaming agreements**

The Government recognises the importance of fair remuneration and transparency in the global streaming environment, while also acknowledging that contractual agreements between rights holders and streaming platforms as well as between record labels and artists are a private matter

It is therefore important that we have robust, independent evidence to inform the debate, so the Intellectual Property Office (IPO), an executive agency of the Department for Business, Energy and Industrial Strategy, is working closely with the Ivors Academy, the Musician's Union, the Featured Artists Coalition, the Association of Independent Music, and PRS for Music on an industry-led research project. The British Phonographic Industry (BPI) and the Music Publishers Association (MPA) have also been invited to join the project board. The IPO has funded the research project. The research itself is carried out by independent academics who seek to investigate the flows of money from streaming to creators and to ensure independence the IPO will chair the research's project board meetings. This is a 12-month research project due to report in Summer 2021.

The Government also supports efforts to better understand the right balance between transparency, confidentiality and freedom to contract in the online world, which is an ongoing challenge for the industry.

In June 2019, the IPO published Music 2025, a ground-breaking piece of research which explored the issues the industry faces in managing digital data. Transparency and

the quality of streaming data were key drivers for this research and the IPO is working with the industry to develop an action plan to take forward its recommendations.

The report made four recommendations:

- education and awareness - improving the standards of data input at all points to ensure correct attributions in the digital space;
- collaboration - opportunities to improve communication across a diverse and fractured sector;
- interoperability - all players are developing their own datasets and databases in isolation;
- governance - opportunities for the music industry to learn from the banking sector in terms of governance, to ensure adherence to data standards.

The report gained support across the industry. The IPO is working with UK Music and its members to deliver on the recommendations relating to raising awareness of the importance of data across all levels of the industry, as well as building on existing industry practice to improve collaboration and interoperability.

## **2. Knock-on effects of streaming on music piracy, and IP enforcement**

The Government recognises the importance and value of our successful music industry and takes the issue of music piracy seriously.

Having a framework for the effective, proportionate and accessible enforcement of copyright is important as this helps to reduce piracy, whilst promoting innovation and creativity. The UK has a world leading intellectual property (IP) enforcement regime. We not only want to maintain this but also strengthen it. Our IP strategies are a key part of this, and we are aiming to publish a new UK Government strategy on IP enforcement early next year.

The IPO sponsors an annual study, the Online Copyright Infringement (OCI) Tracker, to measure online copyright infringement levels alongside lawful activity amongst UK consumers and monitor changes over time. In February, the IPO published the 9th wave of the OCI Tracker which covers the behaviours and attitudes for the use of online digital content in 2019. This showed that the consumer likelihood and perceived need to infringe was notably lower for categories in which substantial amounts of content are available via streaming subscription services. This was particularly apparent for music where streaming was found to be the most common method of content access. The 10<sup>th</sup> wave will be published in the Autumn.

During the Covid-19 pandemic, the IPO has been working in partnership with the Nesta Policy and Evidence Centre, building on the OCI Tracker, to track changes in behaviour and the consumption of cultural content during lockdown. The research, conducted from March to May, compared numbers of people who had used at least one illegal source in the last three months to access content pre-lockdown with those doing so during lockdown. Those consuming illegal content either remained consistent or decreased in most categories. Music downloading was an exception, but it is important to note that this is the proportion of people using illegal means, rather than the amount downloaded illegally overall (which industry intelligence has suggested may be significantly higher).

With regard to the new UK Government strategy on IP enforcement, the Government set out its plan to review elements of the IP enforcement framework in its previous

strategy: “IP Enforcement 2020”. A working group consisting of some key stakeholders and rights holders was set up to help identify any issues that rights holders and particularly small businesses and lone creators face. The Government will focus on two of the key issues: (i) the cost of legal challenges and (ii) the effectiveness of judicial proceedings. A Call for Evidence exploring these topics was published in October 2020 inviting responses from all IP rights holders and industry experts. These responses will feed into the review.

This complements the commitments under the Creative Industries Sector Deal, which include ongoing roundtables with online intermediaries and rights holders to consider the practicalities of agreeing new Codes of Practice in social media, digital advertising and online marketplaces.

The IPO continues to provide strategic leadership in the enforcement space and invests in enforcement intelligence both in the UK and internationally.

### **3. Copyright Directive**

The Government is committed to supporting the UK’s creative industries. Although the UK will not be implementing the EU Copyright Directive, we will pay careful attention to reforms made by the EU and other partners and will watch with interest how the Directive is implemented.

We continue to consider whether similar measures to those provided by the Directive are needed in the UK and we welcome the views of the music sector and other interested parties.