Using Voluntary Agreements to Support a Local and Global Market in Legal Content

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About ITIF

- The world's leading science and technology policy think tank.
- Focuses on a host of issues at the intersection of technology innovation and public policy across several sectors:
 - Innovation and competitiveness
 - IT and data
 - Telecommunications
 - Trade and globalization
 - Life sciences, agricultural biotech, and energy





Report: Voluntary Agreements and Digital Piracy

Available in both Spanish and English at www.itif.org.

¿Cómo ayudan los acuerdos voluntarios entre las principales partes interesadas a combatir la piratería digital?

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La colaboración entre los distintos sectores de la economía digital puede desestabilizar la parte de la ecuación correspondiente al suministro de piratería digital, para que así el funcionamiento de los operadores ilícitos resulte más difícil y costoso.

CONCLUSIONES CLAVE

- No existe una única y sencilla solución para combatir la piratería digital. Ahora bien, los acuerdos voluntarios entre los titulares de los derechos de autor y los medios de pago, las redes publicitarias, los registradores de nombres de dominio y los buscadores, entre otros, pueden y deben jugar un papel clave.
- Estos acuerdos voluntarios tienen como objetivo combatir los principales servicios y procesos de facilitación que permiten que las páginas web piratas se beneficien económicamente, ya que facilitan el acceso a contenidos ilegales como si se tratase de empresas legítimas, algo que sin duda no son.
- Los acuerdos voluntarios enfocados a la piratería digital son cada vez más habituales en todo el mundo. Difieren según el país y el problema a tratar, pero distintas pruebas empíricas nos muestran que pueden influir en los hábitos de consumo de forma significativa, reducir la piratería y aumentar las ventas legales.
- Los Estados Unidos y Europa, entre otros, deberían apoyar la investigación y las conversaciones sobre cómo los acuerdos voluntarios pueden ser un componente habitual del conjunto de instrumentos contra la piratería digital de cada país.
- Los gobiernos deberían incentivar de forma proactiva más acuerdos voluntarios en combinación con otras políticas contra la piratería, como parte de un debate revitalizado y pragmático en torno a las prácticas recomendables de apoyo a la PI (propiedad intelectual) en la economía digital global.

How Voluntary Agreements Among Key Stakeholders Help Combat Digital Piracy

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Working together, firms from different parts of the digital economy can disrupt the supply side of the digital piracy equation to make it harder and costlier for illicit operators to function.

KEY TAKEAWAYS

- There is no single, easy solution to the scourge of digital piracy. But voluntary agreements between copyright holders and payment processors, advertising networks, domain name registrars, search engines, and others can and should play a key role.
- These voluntary agreements target key facilitating services and processes that enable piracy sites to profit from facilitating access to illegal content as if they were legitimate businesses—which they most definitely are not.
- Digital-piracy-focused voluntary agreements are increasingly common around the world. They differ by country and issue, but empirical evidence shows they can meaningfully effect consumer behavior, reduce piracy, and increase legal sales.
- The United States, Europe, and others should support further research and discussion of how voluntary agreements can be a standard part of every country's digital piracy toolkit.
- Governments should proactively encourage more voluntary agreements alongside other anti-piracy policies as part of a reinvigorated, pragmatic discussion about best practices to support IP in the global digital economy.

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Digital Piracy Ruins the Creativity of Legal Content

• THE GOAL

- Support the creation and consumption of legal content—e-books, music, movies, TV shows, and video games—including by reducing access to illegal content.
- World Intellectual Property Organization (WIPO) on piracy and voluntary agreements:

"What is clear [in regard to digital piracy], however, is that the impact of illegal downloading is significant and negative...<u>By dint of technology, we</u> <u>already have a seamless global digital</u> <u>marketplace, but it is an illegal one</u>. "The project [on infringing websites] responds to increased interest among policymakers in methods of building respect for intellectual property <u>which</u> <u>rely on voluntary cooperation</u>, rather than on judicial or other compulsory measures."

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Voluntary Agreements: One Anti-Piracy Tools

- Digital piracy: no single solution and player. Involves many tools and stakeholders.
- Benefits of voluntary agreements:
 - Case for stakeholders to demonstrate their shared commitment to a digital economy based on legal content—not illegal content.
 - Agreements are flexible and adaptable.

Technology, business models, and nature of piracy changes.

- Agreements can be quicker (as compared to legislation).



Voluntary Agreements: The United States

- Domain Name Registries: E.g. MPA and Donuts
 - "Trusted Notifier" program for new domains like .movie, .company, .theatre and hundreds of others.
 - Ensures domains are legitimate and law-abiding contributors to digital economy.
- Advertising
 - "Trustworthy Accountability Group" (in both US and EU).
 - Cuts off fraudulent traffic, malware, and ads on piracy websites.





Infringing Website Lists (IWLs): Cut Off Piracy Profits

- IWLs help reputable brands/advertising agencies avoid placing ads on piracy sites. No ads = no easy profits.
 - UK Police: Single piracy site can make \$82,000/year.
- Using IWLs: The UK, Denmark, Indonesia, Malaysia, Hong Kong, Vietnam, and Taiwan.
- Getting global support: WIPO created central database IWLs.



Search Engines and De-Indexing Piracy Sites

- Piracy sites often feature among top search results.
- Australia and United Kingdom use voluntary agreements to remove or demote piracy sites in search results.

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Conclusion: Advice for Policymakers

- <u>No silver bullet</u>: Supporting legal market for creative content, and reducing illegal content, will require multiple tools and stakeholders: govt, industry, creators, IT services etc.
- Spain: On the right track, more steps to take.
- Other countries: many examples to adopt and adapt to support legal content and fight digital piracy.



Thank You!

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