

“Copyright, enforcement and the creative industries: keeping ahead of the game in the 21st Century Economy”

[2,238 words]

Hello everyone.

I'm David Lammy, the Secretary for Intellectual Property in the UK Government and I'm very pleased to have this chance to talk to you.

An Englishman, Harold Evans, called the 20th century “The American Century”. There's a lot of truth in that. But it was also a century marked by close partnership between the USA and Britain. It was a century in which we made war together when we had to and peace together whenever we could, in which together we laid the foundation of the world's great international institutions, and in which we together established the global financial system.

It was a century whose culture was dominated by our shared English language, too, in which the way the world viewed itself was defined by Hemingway and Lawrence, Steinbeck and Orwell, Chandler and Christie, Wolfe and Amis. All of whose works have featured in the movies, what is beyond doubt the century's greatest cultural phenomenon.

British people played their part with you in building that, too. Right from the time Charlie Chaplin and Stan Laurel, who had come to the USA with Fred Karno's vaudeville show, first rode the train West.

Our partnership continues today in all of the fields I've mentioned, and it remains strong because we continue to share substantially the same interests and values.

And the movie industry remains a symbol of those links. Through it we project on a worldwide screen not just our talent, but our beliefs as well

In the 21st century, there will be even more consumers, more access and more desire for movies than we saw in the 20th. That's good for your industry and for my country.

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The USA leads the world economically, and in the relative importance of its creative industries. Exports of creative services from the US grossed \$71 billion¹ in 2008.

But UK creative exports were worth \$19 billion, despite our much smaller economy. Our creative sector has grown steadily over the last ten years and currently contributes 6.4% to our economy. Like you, I want to see that growth continue, recession or no recession.

But that brings me to an important point. The challenge of the 21st century isn't persuading people to watch movies. That demand is there already. It's making sure those who do watch movies are paying customers rather than pirates.

The experience of sitting in a movie theatre is still something special that people expect to pay for. But piracy – especially through downloads – is a problem that will probably get worse despite our efforts.

New generation broadband access can deliver a DVD's content in three minutes.

Unless we face up to that we risk losing the strong position we held at the end of the last century. The way people we publish and consume works has changed.. Consumers eagerly reached out to grab the potential of 21st-century technology while business and governments sleepwalked into it. They built a digital culture based on access, even if it cuts across the law.

Although creative industries and governments have moved to catch up with the digital world, we still aren't ahead of the game. And now we must decide whether what we want balance between anarchy and authoritarianism to be in the digital world of the future.

For me, the balance must always tilt strongly in favour of freedom. But freedom to access material is not the same thing as access for free. If the world wants to continue to enjoy the wonderful dreams that the movie industry creates for it, then

¹ United Nations Conference on Trade and Development figures

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the world must be a paying customer to keep the whole exercise financially viable and to allow the investment it needs to grow still more.

That means more effective law enforcement. UK Film Industry research in 2007 indicated that almost a billion dollars were lost to the film and TV industries through piracy. And that's just not sustainable.

I'm an unlikely candidate for the title role in a remake of *The Enforcer*. I haven't got a .44 magnum and I don't want anyone to "make my day". But I have no problem about getting tough with the organised gangs who operate multi-million dollar piracy operations, often linked to wider drug and people trafficking rackets.

I went on a police raid myself last year. In one small house we seized over sixty thousand counterfeit DVDs – including pre-release titles – at a street value of over \$300,000.

But in spite of everything our law enforcers do, there will be people on the street in my part of London tonight selling illegal copies of virtually any film you might want to see. Especially the ones youngsters like and including films currently on the screens, from big-budget movies like *Watchmen* to low-budget hits like *Mega Shark Versus Giant Octopus*.

So tackling supply isn't enough. We need to tackle demand as well. Many otherwise law-abiding ordinary people believe they are causing no harm when they buy or download illegal copyright goods. They think that creators and business have already been well paid for their work.

I want us to reach out to those people. To take to them the message that what they're doing is wrong.

We can't afford to underestimate the challenge. A recent report found that on one P2P network at midday on a week day, there were 1.3 million users sharing content – including films. If each downloaded one file per day, this would involve almost half a billion downloads a year.

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There's no single answer to dealing with that. We need solutions tailored to the different challenges. And government, industry and the law enforcement community absolutely must work together on this. By the right combination of enforcement, education and forward-looking policy, we can make sure we build a culture of access that is also legitimate.

But above all, we must protect the livelihoods of actors, screenwriters, animators and the whole vast industry that enables a blockbuster movie to get to the public. The film business matters. The hard work of creators and industry needs to be recognised and rewarded.

The UK film industry under the umbrella of the Federation Against Copyright Theft, supported by many in this room, is one of the biggest contributors to this work. I want to thank them for the work they have done with us.

And we are getting results: we have more than tripled the number of convictions for IP offences from 400 in 2002 to almost 1,300 in 2007. And seizures of products affecting the film industry have increased by nearly 2,000% between 2000 and 2007.

We are securing longer sentences for IP criminals and recovering their assets. Recently the courts handed out an 18-year jail sentence to a criminal involved in a multi-million dollar film piracy network. And prosecuting a criminal gang selling counterfeit goods on the internet, including films, resulted in a confiscation order of over \$4 billion.

And we're not standing still. New work against illicit P2P filesharing, including possible suspension of internet access for persistent infringers, and increased penalties for IP infringement, online and offline. We are sending a clear message: when it comes to piracy and infringement, 'digital is not different'.

But, as I've already said, enforcement is not enough. It is only one part of the story. Consumers, and that means anyone with access to a computer or a cellphone, have taken a look at copyright and don't like what they see. That creates challenges for you in the film industry and for government.

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A question I sometimes ask myself as I look at my own children. Does it make sense to expect a 12 year old surfing the Internet to know what they can and can't do with the content they find – not just in their own country, but internationally? Yes, we must teach them to respect the law. But can we really expect them to master it before they go online?

And I think most ordinary people just aren't sure what they can and can't do – or why they shouldn't do it.

The teenager on a download site. If there isn't a way to explain to them in plain English that they're doing wrong, how can we expect them to understand that they are?

The CD owner who wants a copy on his MP3 player. Is he breaking the rules or just refusing to be ripped off?

The amateur animator who wants to mash up some content she found on the internet. Is she infringing copyright or just exercising her right to free speech?

Some people don't understand the rules. But others do, and feel strongly that they don't make sense.

I have some sympathy with that view. Something isn't right with copyright. Not just in the UK but as a whole. And I want to do something about that.

Since the end of last year I've been consulting people on the hard questions. Does copyright work in the Digital Age? Do we need to edit it for a new audience? Is the existence of infringement on a massive scale really is a wake-up call to business and the creative industries as well as governments?

Some people tell me the Internet spells the end for intellectual property. I say they're wrong. An effective IP regime has an important part to play. I've spoken to established rights holders like Universal. I've spoken to the newer players like Amazon, Apple and Google. I've involved the hardware and telecommunications companies in the debate. These businesses basically want to serve their customers.

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But more than 6 months of consultation showed me the critics are right about one thing. The mechanisms by which copyright operates are too complex. Licensing, rights clearance, getting permission to use works... these are all being challenged by the Internet and consumer expectations.

The systems need to keep evolving in the digital age. I don't want to see copyright, in England, in the USA, or anywhere in the world, lagging so far behind technology that it loses relevance. Some people tell me that content is national. They tell me the solutions lie in my backyard. But content is also global.

That's true particularly of film. For a century, film has proved itself to be a truly global medium. And technology too is global. So we need to look to global action to solve our problems.

Everyone involved in rights clearance tells me how lengthy, difficult, and expensive it can be for everyone. A computer game developer who wants to use a music clip; a television company that wants to broadcast a classic from its archive with tens or hundreds of permissions to clear; or a film company that wants to produce a DVD remaster of a cult classic. And time is money – they need quick decisions.

The conclusion is obvious – clear and simple systems for rights clearance and permission will benefit everyone.

I want us to tackle this problem if the system isn't going to collapse under its own weight. But it's no good individual countries operating on their own. And getting international agreement to change could take a generation. Partnership and innovation by businesses are the way forward, not a rearguard defence of systems that aren't delivering. We need smart laws, and smart enforcement.

If there's one battle governments and industry both need to win, it's the battle to keep the hearts and the minds of the people who pay our salaries. I want to see people wanting more product, buying more, not frightened out of the online store or frustrated because illegal sites are simply better. I don't want them to be scared of watching a film or making a fan-site because they don't understand the legal risks. I

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want confident consumers who choose legitimate content and use it appropriately without the need for special information or technical skills.

I have said that these are industry problems which need industry solutions. I want to see businesses reaching out to form new partnerships. I'm talking about creative companies working with Internet Service Providers to build a web where rights holders are paid, and users get easy access at a reasonable price.

I'm talking about film studios working with technology companies to educate youngsters in the links between innovation, copyright and creative works on the internet.

That's how we can get to a world where consumers will want to support those that create the content they want while getting the access and services that the new technologies make possible.

That's how we can begin, to adapt the words of a former US President who knew more than a little about motion pictures, to tear down this firewall.

So this is about striking a balance. I think the UK, increasingly, is getting this balance right. The UK government is acting. And we will continue to put policies in place that make IP infringement easier to detect and sanctions harder to avoid.

But we need to forge a world where there is a consensus – a common sense of fairness and respect. We need people to respect artists and their works because of what they are, not because of the law they fear, or the law they don't know about.

We need to take them with us on a journey into the unknown. A journey that will be easier and better if we all travel together.

Thank you.