

Charting a course for the Copyright Hub in the Spring 2013

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What is the Copyright Hub?

The Copyright Hub is two things. It is a web portal connected to a network of organisations from different sectors in the creative industries, which enables potential rights users to find and acquire licences to use copyright works.

The Copyright Hub is also a forum for collaboration between those organisations and sectors.

Why the Copyright Hub?

To create a web portal in the UK which, alongside and reinforcing other related initiatives by the creative industries, makes copyright licensing easier and more streamlined with low transaction costs for both licensors and licensees. The Hub makes a clear distinction between the cost of the *transaction*, which should be kept as low as possible, and the price of the *licence*, which is a matter for the rights holder. This aim is fully in line with the central recommendation of our report **Copyright Works**, July 2012, which was supported by the Government and by the images, audio-visual, music and publishing industries.

The Copyright Hub is a web portal, and also a catalyst for change and innovation. As a network of organisations from different sectors of the creative industries, the Copyright Hub is already proving to be a catalyst for bringing organisations out of their own “silo” domains to work together on technical issues (how do you identify copyright works) and service provision (the multi-media, multi-repertoire nature of the internet). As the functions and services made available through the Copyright Hub grow, organisations are likely to collaborate, learn from and compete with each other to productive effect. The technical agreements reached through the Copyright Hub will also improve the effectiveness of registration and licensing services more generally, thus creating a virtuous circle.

What market is the Copyright Hub designed to serve?

The untapped high volume of low monetary value transactions requiring low transaction costs in the middle and bottom segments of the copyright licensing market. The market we are focussing on is the long tail of rights users (generally SME's, whether individuals, partnerships or companies) and the long tail of uses that such rights users wish to make, whether that be a primary use licensed by the copyright holder/agent or a secondary use administered by a collecting society. The Copyright Hub is not concerned with the low volume high value copyright licensing that takes place at the top end of the market – e.g. JK Rowling licensing Harry Potter to Time Warner. The Copyright Hub is about, within a framework of greater copyright awareness, the legal use via licensing of existing copyright works or elements of works. This new and largely untapped market envisaged by the Copyright Hub is yet to be the subject of a fully-fledged business case.

What are the benefits to the creative industries?

- A bigger pie - more revenues going to rights holders
- Greater awareness of copyright and of licensing, and of their importance
- Better perception of the creative industries in the mind of the public
- More and better access to legal digital services available via the fixed and mobile internet for consumers and businesses thus reducing their propensity to infringe copyright by accessing illegal services
- Greater pressure on politicians to maintain robust copyright laws and court systems to allow rights holders to enforce copyright more vigorously
- Less pressure on politicians to make unwelcome changes to the law and unwelcome inroads into the commercial interests of rights holders.

What is the key risk?

That the high volume, low value, low transaction cost segments of the market which we are targeting cannot be exploited profitably by rights holders and are insufficient to fund the Copyright Hub's operations and meet the objective of self-financing after a period of initial pump-priming.

At the macro level, the key risk remains the gradual erosion of copyright.

Who are the customers (users) of the Copyright Hub?

In phases 1, 2 and 3 (set out below), the customers will be existing and prospective rights users. A rights user is someone – e.g. an individual, an educational institution, a charity, a small company, a large company - that wants to get permission to use an existing copyrighted work or an element of a copyrighted work for a designated purpose with a specified audience. The customers of the Copyright Hub are not individual consumers who want to just access and enjoy digital services e.g. Spotify, BBC iPlayer, iTunes. However, individuals *can* be rights users and potential rights users, e.g. creating YouTube videos with a combination of their own content and other copyrighted content, putting copyrighted music on the wedding video or the family website.

It is not necessary to register copyright works to get copyright protection. Creators of all types will also become customers/users of the Copyright Hub when the registration of rights information is added to the set of services offered through registries linking to the Copyright Hub. The Hub has a key role to play in directing customers to places where they can register rights information. This can help to reduce the risk of a work being deemed an orphan work and can help to enable licensing opportunities.

Who are the suppliers to the Copyright Hub?

The suppliers in Phases 1, 2 and 3 are any rights holders or their designated intermediaries who wish to license their copyrighted works to the middle and bottom segments of the market. In addition rights registries will be suppliers to the Copyright Hub from the start as they form part of the licensing value chain.

What are the development phases of the Copyright Hub?

What follows is the road map of development phases as we, the members of Copyright Hub Launch Group (CHLG), see it today just before the pilot phase begins. But the road map is subject to change as the Copyright Hub takes shape in reality, not on paper. It is not set in concrete. Our approach is based on traditional IT prototyping, i.e. getting something not too ambitious to work, modifying it in the light of real usage and real experience, then building on the next stage of development, making sure that works, and so on. An approach that is organic as distinct from Big Bang. This reduces financial and reputational risk without losing momentum.

Phase 1a is the pilot phase of the Copyright Hub, which is due to launch on 1 July 2013. A maximum of 12 organisations are participating as suppliers, most of which are members of the Copyright Hub Launch Group. Phase 1a, designed and built by Lime Digital, will offer a simple signposting and navigation service hyperlinking to the relevant parts of suppliers' websites, with the emphasis on enabling rights users to find out about copyright (copyright information, copyright awareness), discover who owns what rights to what and to get permission to use specifically defined types of copyrighted works for a wide variety of purposes (i.e. getting a licence). For creators in the images industry there may be the ability to link to a third party organisation where it is possible to register specific images and, possibly in time as part of later phases, to register licences granted and permissions given.

Customers of Phase 1a may already have in their possession the copyrighted work that they wish to get permission to use (e.g. music). Alternatively they may use the Hub to find a suitable piece of copyrighted work that they wish to get permission to use (e.g. images) via the suppliers' websites to which the Hub links.

Phase 1b is likely to begin towards the end of 2013. A wide range of new suppliers will be added in Phase 1b, a number of which have already indicated their wish to join the Hub. We would expect more to come forward once Phase 1a is launched. The functionality of the Hub, simple hyperlinking, would be largely the same as for Phase 1a.

Phase 2, which is likely to begin in 2014, will turn the Hub from a simple signposting and navigation device using hyperlinks into an intelligent "router". The intelligent router at the Hub will be able to carry out federated searches (the Hub sends queries to rights managers' databases, and they return answers to the user via the Hub). In addition to federated search, multi-repertoire licences could be offered via the Hub in Phase 2 depending upon the success of the current work agreed by the CHLG in May 2013. The Hub does not compete with its members when it comes to licensing or any other function. It does only those things that its members agree it should do.

For Phase 2 to reach full potential, suppliers/members will need to reach agreement about some key technical matters concerning identifiers (which work, which author, which rights?), common vocabulary etc. This process is about agreeing on the use of existing technologies and standards, not creating new ones.

Phase 3 (? 2015) would add any extra functionality needed for creators to register rights information with third party registries linked to the Hub. In addition, Phase 3 might look at

whether any aggregated search was sensible, again only if members agree to this. Aggregated search (in which data is aggregated on the Hub to be queried directly) may be an option for some rights managers (especially those with limited data processing capability) who may prefer to provide their data to the Hub so that queries can be carried out there..

How is the Copyright Hub to be financed?

HMG has financed Phase 1a (the pilot phase commencing on 1 July 2013) along with the resources in kind of the participating members.

The means of financing Phase 1b (from probably October 2013) has yet to be established but one option to be considered is for suppliers to pay an annual fee to connect to the Hub. Work would be needed on the practicalities of this approach, the amount to be charged and whether a single fee or a fee differentiated according to certain criteria (e.g. business size) is needed.

The options for financing Phase 2 could include membership fees, a percentage of licence fees transacted using the referral fee funding model, and possibly by some advertising.

In Phase 3 we would aim for the Hub to be self-financing using a combination of members' fees, percentage of licence fees and advertising.

These various options for future stages of the Hub would need to be developed as part of a business case.

As the Hub is a web portal whose role is making connections to, and being interoperable with, suppliers' websites, the bulk of the cost of Hub-based licensing and registration activity will always be borne directly by suppliers/members.

What is the style of the Hub's approach?

Voluntary, opt-in, non-exclusive, pro-competitive and not for profit. Respecting the rights of rights holders to offer free use of their works. Organic, build-up step by step (evolutionary) as we get real experience of what customers/rights users want and need, and what suppliers wish to provide. Not going too fast but also not going too slowly. Not building out a vast infrastructure in the hope that "they will come". Not duplicating infrastructure of members. Not competing with members.

How shall it be governed?

All organisations providing services and thus connecting to the Copyright Hub would become members of Copyright Hub Ltd, a not for profit company limited by guarantee. Annual membership fees for connecting to the Hub, if introduced, would form part of the revenue base of the Hub as noted above. The members would appoint a Board to run the company as set out in the Articles of Association.