CWAG
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OPPORTUNITIES AND CHALLENGES TO THE MUSIC INDUSTRY IN THE DIGITAL AGE

Vicky Sheckler
SVP, Deputy General Counsel
Record labels can provide artists with:

- **Resources and people**: to bolster a growing team where needed
- **Investment**: to realise their artistic vision
- **Expertise**: to engage with marketplaces worldwide
- **Relationships**: to connect them to other talented artists and creators
- **Support**: with creating and recording their music
- **Global coordination**: helping to reach fans worldwide
U.S. MUSIC INDUSTRY'S JOBS & BENEFITS

1.9 MILLION
AMERICAN JOBS CREATED
directly or indirectly
from music industry

$143 BILLION
VALUE ADDED TO U.S.
ECONOMY IN 2016

STATES WITH THE HIGHEST MUSIC INDUSTRY ECONOMIC CONTRIBUTION
CALIFORNIA NEW YORK FLORIDA TENNESSEE

U.S. HAS THE BIGGEST MUSIC MARKET AT 1/3 OF GLOBAL MARKET

MUSIC LEADING DIGITAL TRANSITION

82%

MUSIC STREAMING SERVICES WORLDWIDE

400+

$5.7 BILLION
IN U.S. REVENUE

Source: RIAA, Hype, analyses of PwC, Global Entertainment & Media Outlook, IPI, and Economist Inc. (These report “The U.S. Music Industry: Jobs & Benefits.”)
States - Music

Louisiana

$1.0B
Music Industry contribution to state GDP
Stephen Green/Economists Inc.

23,829
Jobs Supported
Stephen Green/Economists Inc.

1,865
Music Businesses
Stephen Green/Economists Inc.

1,980
Royalty Recipients
SoundExchange

20,182
Songwriters
ASCAP/VBMI

Louisiana and music are inseparable.

From Louis Armstrong to Britney Spears, Louisiana has a diverse and vibrant music heritage that crosses genres and has for decades produced unforgettable, impactful songs. The southern region of the state is the birthplace of traditional creole and zydeco music, originating with slave songs and later incorporating those melodies and rhythms into more instrumental, contemporary sounds. Northern Louisiana is most famous for its contemporary country music superstars, Tim McGraw, Trace Adkins, and Hank Williams Jr., among others, and the radio program “Louisiana Hayride,” which is widely viewed as a predecessor to The Grand Ole Opry and in the 1950s broadcast live performances by virtually every country icon in the region. New Orleans has a musical identity of its own, and is responsible for the genesis of Dixieland jazz and a subgenre of the blues known for its Caribbean influences.

Some Notable Musicians
- Better Than Ezra
- Britney Spears
- Buddy Guy
- Cowboy Mouth
- Fats Domino
- Harry Connick Jr.
- Hunter Hayes
- Lil Wayne
- Jerry Lee Lewis
- Louis Armstrong
- Lucinda Williams
- Master P
- Tim McGraw
- The Neville Brothers
- Wymon & Ellis
- Marsails
THE ROAD TO STREAMING

- SYNCH: Music used in broadcast and public performance and royalties from TV, film, and games.
- STREAMING: Audio and video streaming revenues, paid and ad-supported, including internet and satellite radio.
- DOWNLOADS: Permanent downloads (and ringtone revenues).
- PHYSICAL: Sales of all physical formats, including CD and vinyl.

1999-2018 Revenue Breakdown:
- Physical
- Digital Downloads
- Streaming
- Synch

1999: $14.6B
2018: $9.8B
LICENSED SUBSCRIPTION SERVICES FUELED STREAMING GROWTH

- YouTube
- iHeart
- Radio
- Vevo
- Google
- Play
- Deezer
- Tidal
- Amazon
- Music
- Apple
- Music
- iHeart Radio
- All Access
- Amazon
- Music
- Unlimited

2000 Pandora
2001 Rhapsody
2002 Sirius


U.S. $ BILLIONS
Challenges to the streaming economy
- the value gap at work

PAYMENTS TO MUSIC CREATORS FOR 1,000 STREAMS

Source: RIAA Analysis and estimates of company data, MiDIA Research and Manatt, Phelps & Phillips, LLP graphic
*Note: Spotify blended rate across all service tiers
Challenges to the streaming economy - stream-ripping

Thanks to Stream-Ripping, Music Piracy Still a Scourge

Posted by Russ Crupnick on May 30, 2019

We are nearly a generation past the time when consumers bought stand-alone burners to copy CDs for their friends, or began downloading music on Napster. Streaming, and easy, efficient access to music was supposed to have solved many of the issues around unsanctioned sharing and piracy. Unfortunately a segment of music fans continue to acquire music in unsanctioned forms. Legacy forms of piracy through P2P file sharing applications has faded, but the use of websites and apps that facilitate the downloading of music licensed only for streaming is thriving.

The State of Music Stream-Ripping in the U.S.
Growing Form of Music Piracy Continues To Threaten Creators
Estimated # of Stream-rippers (U.S. in Millions)

- Heavy Stream-rippers’ copy 112 files on average per year equal to 11 full music albums
- Stream-rippers are 50% more likely to be using YouTube to listen to or watch music videos
Challenges to online enforcement - identifying the infringer

- no info on site about the operator
- WHOIS information is redacted due to reaction to GDPR
- Registrar refused to provide information upon legitimate request as permitted per ICANN rules and GDPR
- ICANN not enforcing its rules

** Need to ensure privacy rules don’t shield bad actors and that transparency / accountability are considered **

** consider digital true origin of goods act **
Challenges to online enforcement - cross-jurisdictional issues

On appeal from dismissal for lack of personal jurisdiction

- Victims are US corporations
- One of the largest audiences for site is US
- Site used advertising targeted to US
- Operator is Russian
- Front-end servers were on a US host, now on a host in the Netherlands, back-end servers in Germany
- On a TLD operated by a US company, registrar is a Hong Kong based Chinese company
Challenges to online enforcement - ease of infringer to hop jurisdictions

- Infringement identified on servers in France
- French host terminated services
- Site create new account on same service; service terminate services again
- Site switch server for operations to a host in Germany
- German host terminate services
- Site switch server for operations to another host in Germany
Challenges to online enforcement
- identified infringing site often just the tip of the iceberg

- 2 other stream rippers
- 34 mp3 linking/download sites
- 1 porn related site
- A site that purports to help increase Instagram followers
Infringement often associated with other harms

Digital Citizens Alliance has reported for years on the consumer harms associated with infringing sites, apps and devices, from the increased risk of malware to stolen user names and passwords, and other breaches.
Steps to Address / Deter Infringement / Harmful Activity

- Coordination needed across multiple jurisdictions at multiple levels of engagement
- Consider other claims / causes of action – music often “candy” that draws eyeballs for more harmful / illegal activity
- Look to voluntary cooperation with intermediaries to deter / disrupt infringing activity and identify rogue actors
THANK YOU
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