

Panel discussion
 "The digital revolution - opportunity for or threat to the creative economy?"
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 Transcript

Welcome:	
Franz Josef Klein, Chairman of the Bundesausschuss, Europa-Union Deutschland e.V. (Federal Committee, Europa-Union Germany)	FJK
Moderator:	
Lord Alan Watson, Chairman of ICOMP	LAW
Panellists:	
Professor Jo Groebel, Director, Deutsches Digital Institut (German Digital Institute)	JG
Auke Haagsma, Director, Initiative for a Competitive Online Marketplace	AH
Patrick Jacobshagen, author, solicitor and expert in film law	PJ
Christoph Keese, Director B2B Public Affairs, Axel Springer AG	CK
Dr Verena Sich, Börsenverein des Deutschen Buchhandels (Association of German Publishers and Booksellers)	VS

TC	Speaker	
12:04:53	FJK:	Dear Lord Watson, my dear ladies and gentlemen. On behalf of the organiser of today's event, ICOMP, and Europa-Union Deutschland, which I represent, I would like to extend to you a warm welcome to the Europäischen Haus (House of Europe). Europa-Union Deutschland is the largest and oldest - today one would say - movements for European unification. Of course, as Europeans we also work in conjunction with our European friends from the Union of European Federalists in other European states.
12:05:30		Europa-Union Deutschland is a non-party-affiliated, but hardly apolitical, organisation. In our state associations, in the federal association, politicians of all democratic parties work together and what brings us together and unites us is the conviction that national solutions to the major social and political problems of our time are no longer possible. Rather, these problems can only be resolved at the European or international level. What better example is there than the current, widely-discussed financial crisis.
12:06:15		Who can imagine, or would even venture to imagine what it would mean if we did not have a European currency, the euro. If each individual European country was, following the principle of "every man for himself", to reduce or increase the value of its own currency. How chaotic would Europe or even the world have been in this financial crisis?
12:06:45		The current theme of the event "The digital revolution" is, I believe, a similar theme or a theme with a similar meaning. Digital development or "The digital revolution" as it is referred to here in the invitation is a theme that concerns all areas, from our private and professional lives through to business life. And similarly, we need solutions for dealing with these issues.
12:07:14		Here too, I cannot see how seeking national solutions would be the answer, rather these are also all issues, as you can see from the documents, which we are and I am convinced can only be solved at the European and, perhaps, the global level. This is today's theme. I would like to conclude by once again thanking ICOMP very warmly for their excellent cooperation in preparing this event in the Europäischen Haus (House of Europe) as well as all the helping hands, and I promise you an exciting debate, which will now be led by Lord Watson. Thank you.
12:08:03	LAW:	Thanks to our "cool" hosts, yes ... Is that correct? I am delighted to be back on European soil. I was responsible for media at the EC Commission for 4-5 years. And my first euro was the euro here from Dr Hausstein, the German President of the Commission. A very important man.
12:08:37		Simply to say: German is not my first language, perhaps my second or third. However, I didn't learn German in school, college or university. So ... please make allowances for that. And, to begin with, I would like to say just a few words in English, just about ICOMP. This conference has been brought about by ICOMP.
12:09:10		ICOMP is an industry initiative to promote widespread support for principles that we believe are essential to a healthy online environment. And our key goals, which this conference demonstrates, are to encourage competition, transparency, data privacy and respect for intellectual property rights as well as the adoption of best practices to promote creativity, innovation, safety and trust. We are about a

		healthy culture, future culture, for the way. That's essentially our purpose.
12:10:05		Yes, we have 1, 2, 3, 4, 5 member panellists here, and I am very grateful to each of them for coming. And first of all I wish to speak to Dr Groebel. By way of explanation, I said to the panellists that to begin with each panellist could speak to me for about seven minutes. And afterwards, all of you are welcome to ask a few questions. And we need to be ready by 1.30 p.m., because afterwards food and drink will be served.
12:10:50		Professor Jo Groebel - I believe all of you have the bio descriptions - he is Director of the Deutsches Digital Institut. But, Dr Groebel, please begin by saying a few words about yourself and your background. Where are you ... ah yes, yes.
12:11:26	JG:	I'm hiding. ... That lady isn't Professor Groebel.
	LAW:	... For a moment ... I was puzzled.
	JG:	OK. ... I will begin by complimenting the Lord. Because I also learned a language, Dutch, not in school but on the street, but with me the first two sentences included two indecent words. So, compliments to you for avoiding doing that in German ...
12:11:55		So, what does the Deutsches Digital Institut do? The name says it all - or it is not quite correct, since for the past three years, at a time when the institute was founded here, we have actually been dealing with the impact of digitisation on society, on behaviour, on coexistence. And, of course, also very much in terms of how the media landscape is changing due to digitisation. I believe that is also one of the reasons why I am here today.
12:12:22		Alongside my activities in Europe I also work closely with Columbia University – also on digitisation. And since the book is out of print anyway I can also advertise it, Columbia and the Deutsches Digital Institut published a book on mobile media. And in terms of digitisation this is relevant because digitisation and mobility has still not really been focused on. When it comes to communication, for most of us, mobility is still something to do with making phone calls, possibly exchanging text messages and maybe doing some surfing on the Internet. But there is a lot lurking, or put positively, waiting, for digitisation. And we concentrate on that.
12:13:00	LAW:	So, now that that's clear, here is my first question. I want to read it. As you have said, in this institute you have an overview of the digital world, not only here in Germany but also beyond. What do you think are the main problems for users and consumers in and beyond Germany?
	JG:	Well, in Germany especially, when there are problems we are always very quick to identify these and then to say – hmm ... let's wait and see. We actually see this a bit in digitisation. There is currently a major debate in Germany as to whether broadband should be pushed forward a little bit more. We are very well positioned in Germany, but by comparison Britain, the Scandinavian countries, and the Netherlands are much better positioned in Europe.
12:14:00		And one reason why it is probably a bit slower in Germany is worry. And I am also worried – and coincidentally, Microsoft and the Deutsches Digital Institut recently

		<p>presented a study on data protection concerns. And here we are not talking about what the constant worriers worry about, but what do the users, the people, actually think? And some of the answers are not surprising.</p> <p>Worries are primarily not simply that the data can be seen someplace, but that data are collected and processed; we have applied a catchword for this, that such a thing as “digital helplessness” is developing.</p>
12:14:44		<p>In other words, an individual has absolutely no problems with, for example, receiving a recommendation for this or that book at amazon.com if he or she has ordered certain books. Or also if he or she even gets a recommendation for champagne when ordering a book because they happen to be sold hand in hand quite regularly. So, if something is straightforward, the individual is okay with it. This is especially so if it is of benefit to him or her.</p>
12:15:09		<p>It's just the growing independence of data in the digital domain. That means it moves increasingly further away from an individual's control, transparency is lost. As, for example, is the case with certain search engines, particularly where these are using the user.</p>
12:15:23		<p>What is amazing, I really am aiming for coming in under my seven minutes - what is amazing, this study was conducted in November, both representative and extraordinarily, there were two instances where individuals have an exceptionally - comparatively - exceptionally high degree of confidence - at any rate in terms of digital. On one hand were banks, here, I was very surprised.</p> <p>So, in general banks have been placed under suspicion, nevertheless, people believe that they are careful when handling data collected during online banking. And surprisingly in Germany, the government and the authorities also enjoy quite a lot of confidence.</p>
12:15:55		<p>What remains, final answer, is that now there is also a whole new dimension, the so-called communities or social networks. That is now one of the main user worries not so much companies per se, and also not the government and authorities, but that other users may abuse data, that they may misuse photos.</p> <p>A very banal problem, which we may come back to later. What happens if I publish a photo on Facebook, MySpace, StudiVZ, etc. of me together with someone else and the other person did not give his or her consent?</p>
12:16:30		<p>But a final point, and as a German I want to at least say something positive, we see at the same time - and this is relevant to the media industry - in other studies, indications confirm that here, that at the same time the main user confidence is no longer with traditional sources of media. They still enjoy great confidence - television, the press, but user confidence, at any rate in the younger generation, rests mainly with social networks.</p>
12:17:03		<p>People fear data abuse more, but at the same time because of putative authenticity, they believe that what others tell them is more credible than what is in the press or on television.</p>
12:17:17	LAW:	<p>Yes, and now on to questions. My impression was also that certain difficulties with certain German companies might have also played an important role. For instance, Deutsche Bahn and Deutsche Telekom. Is that true?</p>

12:17:36	JG:	One probably has to make clear distinctions. What we have seen in both are, of course, in-house procedures. The user who voluntarily uses, i.e. is not involved in the company, has comparatively few concerns. In this respect it may be quite important when we talk about data protection and privacy, to distinguish between what goes on within a company, it must devastatingly simply be said, in terms of data abuse and what happens with voluntary use.
12:18:05		Here, we have limited ourselves to voluntary use, but, of course, that is something that I believe in Germany and also in other countries because of mounting cases, then also excessively in very large companies, is sure to increase and that has at least as much to do with corporate culture as it does with the digital world.
12:18:24		So here I would venture to say that many of the so-called risks are not genuine digital risks, but, primarily, have a lot more to do with existing corporate culture. And here certain instruments, namely digitisation, are used, which may otherwise have been used differently.
12:18:42	LAW:	I believe this issue will resurface. Today, this week, the major film festival, the Berlinale, is held here in Berlin. And I noticed this yesterday at Tegel Airport. Well informed. My taxi driver said: "We can't get to your hotel and if we do you won't find a room." My question: What opportunities are offered to filmmakers by digitisation and distribution via the Internet?
12:19:22	JG:	Well, I think that, to perfectly highlight the situation, in the digital world we potentially have a similar revolution ahead of us as was seen with W.D. Griffith, namely the beginning of a separate film language. First off, I would at any rate like to give the all-clear to all those who have anything to do with traditional, creative, professional services. For one thing - there's much debate about user-generated content, which is supposedly a rival or a threat to traditional sources of media.
12:20:03		Here, I would say quite clearly that users will always have an interest in being passively entertained, informed, gladdened or saddened. And that does not work equally well with user-generated content. It is sometimes possible by fluke, but the production of a major, expensive film is still not seriously possible for amateurs. There are nice gimmicks and occasionally there are certainly odd stories.
12:20:32		I remember there was the "Blair Witch Project" many, many years ago. People said, was that fake or real? I don't know, no idea, so a new film language has now arrived. Yes, sorry, if you look at major film productions, which are so elaborately made, that is not serious, amateur content does not represent a threat.
12:20:40		Nevertheless, the film industry is, of course, also seeing massive changes. I don't need to go into the technical changes, the professionals are probably already well aware of these. But entirely new business models will be possible for evaluating films.
12:21:05		If I consider my own bedroom, I have constructed a kind of film projection screen, which almost surrounds my bed. Now, mentally and physically that is not healthy. But so be it, that's how I am made. There is a home theatre, surround sound speaker, and a large screen. Yes super, is there anything better than watching a fantastic film on Sunday mornings. That said, to be honest I don't go to the cinema very often. If we include the downloads, I'm not talking about ones that are illegal - we'll come back to

		those - there is naturally a challenge to the exploitation chain. My opinion: in the foreseeable future the digital world will place enormous pressure on the DVD industry. Because someday, as has already happened in the music industry, the downloads will be perfectly normal and also hopefully paid for by the user.
12:22:00		<p>And, of course, we arrive at technology, at style and at digital cinema, which has been propagated for ten years already. I don't quite see it just yet, but films transmitted to cinemas via satellite will, in my opinion, be a big change. And maybe one last point, I'm probably well over the seven minutes, we have spoken about the concerns of users.</p> <p>One thing should not be forgotten. An entirely new culture of evaluating products and by extension, films, has emerged via informal networks.</p>
12:22:28		<p>It's called hear-see, which means one has heard from others and the multiplication, which especially in film can no longer be controlled by conventional marketing measures, but –this is critical to remember--is of a very informal nature, has also led to a never-before-seen freedom for product customers and film customers.</p> <p>So my impression is, especially in the area of film marketing, that we shall yet see quite significant changes, because this central marketing, which will clearly remain, is built around major events, major premieres and everything these entail. But there is no underestimating informal communication, which goes much further than used to be customary at work, in school, and in university. It is multiplied.</p>
12:23:13	LAW:	OK, then we will stay with film for a moment and with Patrick Jacobshagen. Welcome. You are here, author, solicitor and expert in film law. But I know you would like to say a little bit more about your position and background, so please carry on.
	PJ:	I am very closely involved with the film industry. We have written a new book about what is happening here, we have questioned a lot of people as we look inside and see what is happening in this whole market. I'm very curious about what is happening in this IPTV world, what developments we are seeing there and where we are witnessing entirely new business models, entirely new worlds.
12:24:03	LAW:	OK, first question: The 59 th Berlinale begins today, how can the rights and thus the refinancing of filmmakers be better protected so we can also have a 69 th Berlinale?
	PJ:	The process of ensuring that the rights of creative individuals are better protected is in full swing especially on the Internet. I think that in time this is something that will not give us so much cause for concern. Why? You will recall that several years ago everybody said that you should not use credit cards to pay on the Internet, for heaven's sake. Who of you has not bought something on the Internet with a credit card? ... [Note: 2 people respond] Okay, sorry. But it is, ... that is informal self-determination. However, it's become very convenient.
12:25:10		And a similar process took place here in the middle of Berlin, where we were in 1989 when the Wall fell; there was indeed an incredible, unheard of scene. There was cheerful anarchy in the middle of a major European city. Everyone opened clubs, everyone did something he or she wanted to do. Today, these clubs pay a lot of money to look as they did then. Everything is orderly; the public order office has been everywhere. And that is a process that has also begun on the Internet.

12:25:33		Of course, there is much piracy; there are an incredible number of cases in which people say: "Okay, we download illegally." But normalisation has also set in, an "iTunification", a new currency, which provides convenience, so that one says: "A provider offers me something in such a perfect form that I ..." so illegal downloading will become much more difficult. And in the meantime there are some really exciting solutions since people just want to be able to work in this market.
12:26:10		For example, "The Game" has said: "We're going to online gaming, we're playing in a community." But they can only do that if they register. Suddenly, they are obliged to login to a digital system. And they have to pay for that.
	LAW:	The second question is, How can a higher degree of respect for intellectual property be achieved in society? This is, of course, very, very important for filmmakers, and also for other parties, authors and so on, but especially for film when you consider this future.
12:26:52	PJ:	Yes ... I think precisely the development that you have anticipated, where people say we see the user-generated content - it's new, it's fantastic, it's exciting. But it has very strong limits. Making a film is such a complicated undertaking that has to be learnt over so many years, because of that it will not go away. There are people like Quentin Tarantino and Robert Rodriguez who, over many years, have somehow taught themselves. It is a very complicated art form.
12:27:30		I think that user-generated content especially and our daily interaction with it will increase respect for real performance. These lawsuit campaigns, that it's illegal and so on ...
	LAW:	They are great campaigns ...
	PJ:	... The way they are executed is initially surprising, they also do their part. I'm not sure whether one will have to apply penalties from Sharia law to enforce that. But I believe that natural recognition will grow.
12:28:02	LAW:	A break. We have talked about film, a very important topic. We also have other topics today. I just want to see whether there are any other questions about this topic, on film and the future of film and television ... Does anybody want to ask a question? ... Yes, thank you. I think we have a microphone.
12:28:30	Audience member 1	I have a slightly different view to that just outlined by Mr Jacobshagen. I believe it isn't really enough to simply hope that the user will gain understanding and cease downloading illegally. And I think we need more support from politicians than we currently have. We are in talks with politicians and one of the most interesting approaches is the concept of the graduated response. And I think it would be nice if this option were also discussed here. Thank you.
	LAW:	What do you really want from politicians, what do you want.

12:29:24	Audience member 1	<p>Well, today we have the problem that we have to file a suit against users under criminal or civil law. We don't really want to take such a radical step. We believe, and there is experience from England, that a large proportion of these users could be prevented from this illegal downloading of films by means of warning systems.</p> <p>To do this a few changes in the data protection act would need to be made. And that is basically one of the requirements we have for re-establishing a balance. On the one hand, protection of intellectual property, and on the other hand, respect for data protection. But one needs a clear message; even on the Internet there is a need to preserve intellectual property.</p>
12:30:16	PJ:	<p>I agree with you. I don't want to go too far over the seven minutes. I tried to address that with the online gaming example. This evolution of the market naturally brings with it protection issues. The online gamers have succeeded very, very well; music has and will have great difficulties. Here, film has a much better chance.</p> <p>To be able to say: "Okay, we are also able to provide our services through protection systems." And that's something gamers have truly perfected. This is something the film industry could emulate, if one finds a way. I totally agree with you that such a measure must be enforceable here.</p>
12:30:51	JG:	<p>Perhaps one more sentence. I completely share your opinion, but quite frankly, I am even more sceptical than both of you. Since together with the technical possibilities come possibilities for hackers. We have seen this. This is a bit like the tortoise and the hare. Here, I think that a sense of wrongdoing is entirely lacking and cannot be created by campaigns or with warnings. However, I believe - normally I really try and avoid referring to school - that is also certainly part of an acceptance process starting from very early on, which you rightly mentioned, a part of intellectual property.</p>
12:30:25		<p>Because a sense of wrongdoing, I say quite frankly, is also lacking since in other areas it is quite obvious, i.e. those who grew up with tape recordings, with cassette compilations, with iPod recordings, do not - really - see why now suddenly they shouldn't do that in another area.</p> <p>So, I think campaigns are fine, however, here I would even say, that we should not overburden our schools. They have to deal with drugs and many other areas. But this has to be dealt with really quite early on and also with the involvement of parents.</p>
12:31:55	LAW:	We have another question yet ... Please.
	Audience member 2	I got up at 4 a.m. this morning to come here from Heidelberg. And I don't even come - perhaps it will surprise you - from the film or print industry ...
	LAW:	... Yes, you, you ...
	Audience member 2	... I come from the music industry and that is precisely why I wanted to know what was being discussed here today. And I simply imagined that I might be able to contribute something, because in the cold light of day we are actually the ones already going through what others will soon be experiencing.
12:32:23		<p>And we are a company that for five years has taken a keen interest in all things digital. One that 75, I am very proud of the fact that in December, 75 percent of its turnover was generated by digital music and we have long had to accept what you just said. We sell to people who are happy to pay. Similar to shareware in the software industry, people who simply say: "I can also get it for free someplace else, but I want to help in some way."</p>

12:32:49		So, so far so good, that still wouldn't be very exciting. What is exciting, however, and now I will specifically address the point you made, which is why I responded just now. It has something to do with a sense of wrongdoing. And there is a development that, in my opinion, for the past year at least we in the music industry have totally overlooked. And the music industry is in general very happy to close its eyes. It also doesn't really involve lobbying like sales, where that's done and in the book industry, with books it is much better than with the music industry.
12:33:20		Namely the development, that more and more people are making money with our content. I will try and illustrate that with an example. I believe - my daughter is ten years old - I can still explain to her that one shouldn't go to an illegal download site in Russia. I can also explain to her that one simply doesn't copy CDs and so on; however, I can no longer explain to her - incidentally, she likes the Monroes - that she just enters Monroes into Google. Here, she will wind up on YouTube - wonderful. Then she has the video, she can listen to it and then she finds a button, Realplayer for example, and can use it to download automatically. Super.
12:33:55		Because even she at ten years old she gets Google: great big company, very important, YouTube is on everyone's lips. It appears to be legal. And in my estimation, that is the problem today. As I said, if one accepts that there are only people who want to pay, yes. Because here is just my point, that children. and those who will be working with films tomorrow will be working with plotters in five years' time.
12:34:23		There are already products in America where one - today it is a printer, tomorrow one can then make 3D parts, spare parts, vases at home. And then it just goes on from there, I need only download a kit, and can produce for nothing. And that's the problem - to me, that's actually the catch - if we really want to do something, then we have to. And I will very briefly tell you how we in the music industry ...
	LAW:	... No, no, no, that's enough.
	Audience member 2	Just one sentence, please allow me to say just one more sentence, one more sentence, which is really important. I will tell you how it has been dealt with.
	LAW:	... Please be quick.
12:34:52	Audience member 2	In America, companies claimed for damages to the tune of 500 million from Google. And just a small addition, that is excellent for them because they do not have to share with the artists since damages are not a license. Superb solution, one can continue in that vein.
12:35:08	LAW:	Very good, very good. And I know that our third panellist will be very pleased to respond to this point, or speech. Auke Haagsma is Director at ICOMP and - just to begin, yes, please say a little about your background. And then answer this point.
12:35:38	AH:	Yes, I'll be pleased to. Very pleased to. I am a Dutchman. So I am very curious about what these two words were, perhaps, the ... Transparency ...
	LAW:	You can both speak privately ...
12:35:51	AH:	A, a full transparency, full transparency. I am Director at ICOMP, the same organisation that Lord Watson works at. I've lasted 28 years, I was actually ... I'm like Lord Watson, also a bit at home here. For 28 years I was an official at the Commission in Brussels and have also worked in this field. I have been in semi-retirement for four years and my activities include working at ICOMP. ICOMP, perhaps I should explain it briefly.
12:36:29		We have existed for one year and have almost 50 members, many small and medium-sized businesses, and two larger or major companies. And for the first time ever we have convened our conference outside of Brussels - and are here in Berlin. And with much pleasure, and I am very glad that so many people have come today. Visit our Web site, where you can learn much more about us. And if you are interested, we welcome many more members.
12:37:10		We deal with many of these issues. Very briefly, very briefly to the point - three strikes and you're out, that's actually it. That is a very important issue and at

		ICOMP we believe that rules and measures, whether they originate in Brussels or here in Berlin, or at country level, are very important. But ultimately, and I believe you put it very well, the responsibility of individuals and businesses is very important.
12:37:41		And you said you can explain to your daughter what is important to her. But it is also important for the providers. And we believe that in an Internet that works really well, that it is important that everybody behave as a good father or good mother and that the provider is aware of what goes on. And because of this - you cannot just expect it from each daughter - you must also expect that the providers on the Internet are aware of what goes on. And ultimately, it is so. I mean, the provider earns money.
12:38:21		Whether via payments or via advertising. Money is made every time someone visits a Web site. That should be done legally, that's something we believe in very strongly. And that is something where we promote such responsibility with the authorities in Brussels, in the member states where we operate. We cannot achieve that through legislation alone, we cannot achieve that through responsibility alone - we need both.
12:39:02	LAW:	Yes, you said something about Brussels. And now we sit in the Europahaus here in Berlin. Something I have found very interesting is the fact that the Czech EU Council Presidency has placed protection of intellectual property in its agenda. Which, in your opinion, which rules are now necessary at European level? And what, what is possible?
	AH:	Yes, the Czech Presidency has ... In Europe there have always been four freedoms: that people, goods, services and money can move around as freely in Europe as they do within one country.
12:39:56		The Czech Presidency has said that there is a fifth freedom - the free movement of information. Information should circulate freely throughout the whole of the EU. That is a very important principle and is in part already the case. In part, and especially with the Internet, it has become much easier. This also means that the Internet must be regulated in order to ensure everything takes place legally and properly.
12:40:34		And there is, here we are talking not only with the Commission, but also the Parliament. A parliamentarian said: "If I go out and meet someone I don't know, I don't give this person my bank account and all my personal details. Similarly, I shouldn't do so when I'm on the Internet.
12:40:57		It is exactly the same with intellectual property. So, what takes place on the Internet is not only much different to what takes place in the traditional economy because it takes place on the Internet. But that it's different is apparent, that things are much easier on the Internet is apparent ... A short example in order to stay with the music industry.
12:41:21		My brother, who has recently retired, has earned quite a bit throughout his entire life. He's always bought a lot of records. He now has a few thousand records and CDs and so on. His son, who is still studying, has an iPod. There are more records on that iPod than my brother owns ...
	LAW:	... This library ...
12:41:46	AH:	He has, he has, I don't know how he got them. But, one assumes, I have an iPod and can put ten thousand songs on it. That's something I have to have. Of course, that is not so. And that's obviously a question, as I've already said, of responsibility.
12:42:04		So, what can the Czech Presidency do? Here, as I said, I do not think that one needs new laws. I do not think copyright law needs to be changed completely. It needs to be adapted and there are certainly some changes. But the important thing, the most important thing is the way it is applied. How can one ensure that this principle ... yesterday I travelled around this fantastic city.
12:42:30		I must really ... if you're not from Heidelberg, I can only congratulate the others, this is a fantastic city. I travelled around yesterday and went in ... what was it

		called: the Kulturhaus (House of Culture), they have books and four or five floors, books ...
	CK:	Dussmann. Dussmann!
	AH:	Dussmann ... "Kultur" was written in large letters. And that was culture. And when one sees, the multitude of books, CDs, DVDs, I mean, creativity definitely exists. We are creative and that has been, that has been effected by copyright. We should not change that, we should not throw away copyright.
12:43:08		There are people who want to get rid of it. There are people who say that in the world of today we no longer need copyright. Then they can, soon they can ... Dussmann?
	CK:	Dussmann!
	AH:	Forget Dussmann.
12:43:19		Hmm ... So, we need the copyright. We don't have to change it substantially, just adapt it. What <i>are</i> needed are effective measures to ensure that it also applied. And here, I think the Czech Presidency can most certainly help. But not, say, from the Eiffel Tower, from on high: You must do that! What we need is cooperation, cooperation between everybody.
12:43:49		In Brussels it has been referred to as co-regulation. And I believe that if one can do that, something where in the sectors, ICOMP is very interested in being involved. The sectors with a kind of self-regulation. Along with regulation from Brussels, where one can have both together. I think that is a good solution. And that is something where we as ICOMP, the C in ICOMP stands for competitive.
12:44:18		That is a market where competition can exist, cooperation between all the players. This is something we believe in very strongly.
	LAW:	Yes, but. They are now working in Brussels. And my impression is that Brussels, the Commission, and also other institutions have a lot to say on this matter. Maybe not just new laws, but much to say, for example, Committee 29. Could you expand a bit more on that, yes? So we know exactly what the European institutions now plan to do.
12:45:00	AH:	Yes, there is a committee, Article 29, it is not for intellectual property, it is ...
	LAW:	... No, no, that is ...
	AH:	... That relates to privacy, data protection. And the same issue exists; there are rules that really are very, very good. They are based on basic principles, the protection of personal freedom. But the major problem is application.
12:45:30		And here, each Member State has at least one data protection supervisor and in Germany each state has its own, each state has its own data protection supervisor. But if one is on the Internet, then it is clear, for such data, here there is already free movement. If, as a German in Germany, I enter something on the Internet in my social network, two seconds later it is available everywhere in the EU.
12:46:05		So, one cannot do that - Mr Dix in Berlin cannot do that alone. This committee exists, it's called the Article 29 Committee, where they work together to see how one can coordinate that, how one can ensure that when there are problems, there are big problems. You've already mentioned Deutsche Bahn and Deutsche Telekom.
14:46:26		There are problems. How can one ensure that when it is on the Internet it will be treated equally by all? They are currently considering whether there should be less protection, rather perhaps the Directive from 1995. Should we perhaps change that? If there is less protection, everyone would actually find it quite nice to see one can then do on the Internet. And as it has already been mentioned here, perhaps three strikes and you're out, perhaps we need less data protection. These are very important issues.
12:46:54		Here, ICOMP are very active, we participate to ensure that when measures are taken, people also understand what happens in practice, what the problems are. I have worked in Brussels myself. A big problem for a Commission official is always

		understanding what really takes place in the economy. They are very interested in opinion; they are very interested in organisations like ours. So, interested to participate ... But, just briefly. Such problems are everywhere.
12:47:33		To return to intellectual property, here it is the implementation, the application is actually on private individuals. I think I, I'm there. There are no suits relating to data protection or copyright. I have to do that myself. And very often the problem is if something is on the Internet, a work created by me, I hold the rights. It is now on the Internet. What do I now do to remove it? Someone is paid, who does not hold the rights to it.
12:48:14		There is now a proposal in the European Parliament, which says that it will only be removed if an order exists, a decision from a judge. We are three years along. For three years they have been able to do what they want. These matters concern us very much. So, that's a debate that must be held. On the other hand, one says that every time I have to remove something, How can I know whether really, if you tell me, whether you really are the person who holds the rights? So, these are very difficult problems, we can only solve them if we all work together.
12:49:04		Here, my answer is not, not. It is not that there is a simple way to find a solution.
	LAW:	The balance between European level and Member States is very important to this whole topic. Do we have any other questions about this European issue? Yes, please. Here is a microphone.
12:49:40	Audience member 3	My question is, because you've addressed intellectual property, the protection and also because the downloading of music, songs and video clips. Wouldn't it be possible, because of the discrepancy between the prices in normal music shops or, since you have just mentioned at Kulturkaufhaus Dussmann, to make them as high as perhaps on the Internet? If one downloads legally, then one perhaps can seek a new solution in Brussels to make it more affordable for young people to purchase on the Internet. Because if you look at it, many legitimate sites only offer that kind of thing with a subscription or a kind of membership fee, which has to be paid monthly.
12:50:27		And additionally for the song or video clip one wants to download, that has to be paid for in addition. And that is also a bit complicated. So, if one wishes to achieve this legality, I would only suggest that one should make it a bit simpler, that's what I wanted to propose.
12:50:43	AH:	I will try to keep my answer to that brief. You have already noticed, I like to talk, but the chairman will certainly beat me. That is, that is a subject one hears a lot. Many say: "Yes, we have to pay far too much, it doesn't cost anything. It's distributed free of charge via the Internet and why should I pay so much for it. There's currently a big debate in Europe. And not just in Europe, but especially in Europe. The Commission and yesterday Obama said: I screwed up. How do you say it in German? Maybe the Commission has said something similar.
12:51:40		I am not now, I have no criticism of the Commission, the Commission admitted that it screwed up. It said that copyright is also a social right. And many people have said: "Yes, social, social, if you're Eminem, then you already have millions. Do you need even more? Can't we get it free?" And there is now a trend, which says that there are two aspects to intellectual property, copyright.
12:52:11		One part is an exclusive right. Where I can say, you can have a license, you can't. And one part is a royalty. I need it to live. And here is the next step and many now say: "Once you've been reasonably rewarded, you don't get anymore." But think about it, if one was to do that. In the case of films, Spielberg, Spielberg has

		millions; does that now mean that when he makes a film that there is no longer, that copyright no longer exists?
12:52:51		So, the only thing I would like to say is that it is an issue that is currently being discussed. And there is much discussion. It is a highly important issue and really goes to the heart of copyright. We should have this debate, but without any emotion. And that is very difficult in this area. If we could have a proper debate without it immediately becoming emotional, that would be very important.
12:53:22	LAW:	We've spoken about film, television and music. I think now we will look particularly at books. And our next panellist is Dr Verena Sich, Solicitor, Association of German Publishers and Booksellers. So, please begin with a few words about your position and background.
12:54:00	VS:	Yes, thank you. The Association of German Publishers and Booksellers is the association of the entire book industry in Germany, which means we represent the book publishers, that's about 1,800 members, the booksellers, that's about ...
	LAW:	How many members?
	VS:	1800 publishers and about 4,000 booksellers and also the intermediate bookstores. So we really have, which is relatively unique, the entire book industry under one roof.
12:54:25		And in the Legal Department we are, of course, particularly involved in the issues already mentioned here. So, along with other right-holders, including with the German Association of Film Distributors, we are active in the Right-holders' Forum and with the other film, music, etc. industries have jointly developed the graduated response model, which has already been discussed.
12:54:58	LAW:	I have an opening question, which I think is important. Can you explain the background and significance of the agreement between Google and the American Author's Book Publishers? I don't know how many people have heard of this arrangement. But it is probably very important. Can you explain a bit more?
12:55:31	VS:	Yes, this is a new issue, which came about a few months ago. And has received a lot of media coverage in the last few weeks. Its background is that since 2004, Google has been involved in scanning the entire book collection of some of the biggest American libraries. Google uses the scan for its book search program, which is an online full-text search tool. To date, over seven million titles have been scanned. And ...
	LAW:	... Seven million.
	VS:	... Most of these books are still under copyright. However, the authors were not asked before Google began.
12:56:15		And the American publishers and authors have therefore filed a suit against Google, in a so-called class action. And with a class action legal issues, which affect a large number of claimants, can be fully and uniformly resolved for all the claimants. That means the findings of the court apply to all group members of this class, regardless of whether they are involved in the suit or even knew about it.
12:56:54		And class actions—which are very expensive-- usually end in a settlement. Here too. And specifically, this settlement is now also effective for all non-American authors and publishers, whose books are affected by the scanning in the U.S. libraries, or which are also recorded. One can say a lot in relation to the subject

		matter of this settlement, i.e. what is covered in it; it is a relatively complex work with 140 pages and some 16 attachments.
12:57:31		The importance in terms of copyright is that here the first mass use of copyright has taken place rather than with the prior permission of the author to opt out of the proceedings. That is, basically the right enables the author to decide personally as to whether and how his or her works are used. The user must, so to speak, approach the author and ask for the permission of the author, which the author then either does or does not give.
12:58:06		And here, it is practically reversed, here, it is used and the author must now pursue this use and see whether his or her work is affected and to what extent he or she wants it to be. And if he or she does not want to or if he or she wants to participate in any revenue generated by Google, he or she must now register their works and, so to speak, assert his or her claim. Hence, it is reversed.
12:58:32	LAW:	So, do you think that a similar agreement is possible here in Europe, and feasible and necessary?
	VS:	Well, as I said or did I not say that, among these there are also 10,000 or probably even 100,000 titles from German publishers affected by this settlement. And so this is already the case - this settlement includes these titles now. However, that only applies to use in the United States. We can't really see that happening in Germany or Europe. Not this way.
12:59:18		We still believe that the basic principle of the author being asked for permission before his or her works are used so that he or she can give approval is very appropriate, important and right. And we would not want to deviate from this principle. It certainly makes sense for titles that are no longer available, titles that are long out of print, also if the publishers and authors are not interested in commercial exploitation, to be made accessible to the wider public.
13:00:00		But nevertheless, the principle of the author being able to say "Yes or no" in advance should be maintained. Because there may also be good reasons for one not wanting to see works long out of print on the Internet. The user may also not be able to distinguish, so that's ...
13:00:20	LAW:	Have you heard of this agreement? Between Google and the authors? No? It's a completely new development. I'm just curious. You are from newspapers and magazines and so on, but what's your opinion about that?
	CK:	Well, we are watching, I come from Axel Springer and we are, of course, watching Google with close interest, on the one hand, we are very pleased because Google has an impact we have not seen in the ordinary newspaper and magazine business, namely, that the audience is growing abruptly, one often also picks up readers who had not originally intended to visit the site. We are happy when any individual enters welt.de into the address bar and accesses the site directly, because it's worth it, it's a very well made site.
13:01:13		But conversely, we are happy when people who want to go on holiday to Spain simply enter "Spain weather" and actually just enquire on the temperature, but are also attracted by an article on the Spanish property market, which is related to the weather, on the first page of the Google listings. Research on the search engines provides just that, an article from Die Welt Online

		(The World [newspaper] Online) is found and then clicked on, perhaps for the first time in his or her life the person lands on Welt Online and maybe even reads Die Welt (The World) for the first time in his or her life and perhaps enjoys the site due to other stories and browses. Naturally, that pleases us and if one looks at the news Web site sector accounts for approximately 50% of total traffic.
13:01:50		That cannot leave one unaffected, especially if one is aware of how difficult it is to develop new readership in the normal newspaper and magazine business. It's fairly expensive and fairly time-consuming. And often it is unfortunately the case that one always moves in the same social circles, because unfortunately the circle of those interested in current, political news magazines and newspapers does not grow, but remains relatively stable and shifting occurs within this circle. So, we welcome that.
13:02:15		Obviously, what we are not pleased about is that we do not see any of the vast billions in sales and profits generated there. Yes, there is a package provided by Google called AdSense, it involves certain keywords being capitalised by the media companies. For instance, an advert with "Spain weather" can be found on our site and the temperatures are actually contained there, but, after several years of experience, the revenue potential is [<i>minuscule?</i>]. There is absolutely no comparison to the costs necessary for providing quality journalism.
13:02:50		That is, the cash flow, yes, it's there, but it bypasses us completely. That is not satisfactory for us and therefore we monitor the book industry closely, which in terms of copyright is positioned completely different to ours, because it is involved with books, which are kept in the libraries and scanned whereas we deal with texts and images and image galleries and videos, which we make available on publicly accessible Web sites and to which links are directed. But it is not only linked, Google not only displays the so-called deep link, which is insanely complicated and probably nobody would click, on its search pages, but it also displays the title as well as a small leader, which we go to a great deal of trouble to write. These are things that we have made ourselves and on which we probably have a copyright and therefore we monitor it with great interest, what happens to it.
13:03:43	LAW:	Yes, OK. I have another question for Dr Sich, but first books and this topic. Do we have other questions here? Yes, please.
	Audience member 4	I am a media consultant and the author of several non-fiction books and my question is intended to indicate whether the content of books, especially non-fiction books, not fiction, is altered, if this revenue model that we have had up till now collapses.
13:04:11		In other words, that I now write a non-fiction book, not with the content but as a teaser for an event from which I can then later draw proceeds. For example, as a preamble to a reading and one could, of course, ultimately conceive that as a revenue model for fiction, to put these changes into the copyright, that we have a complete change in content, e.g. of books.
13:04:30	LAW:	Yes, please.
	JG:	That is indeed a model, exactly - music, that was discussed ten years ago by Middelhoff for the music industry. So, concerts, merchandising are actually the successful models. They have far-reaching consequences; today Madonna is on,

		what is it? "A Live World" tour, I believe, or, with the major concert events. Today, more money is earned with concerts and merchandising. So, certainly an acceptable model.
13:05:04	CK:	Yes, but may I warn against false optimism. That is certainly so, and no doubt there are business models, one needs only to look at the scale. I know, not every book sells 100,000 copies. But suppose one sold 100,000 copies and only gets 19.90 euro. Then one speaks of millions in sales. And these millions in sales in a circle like this one of 200 people or, say, ten of these events with 2,000 people. Then you have to take a lot of money from a lot of people in order to achieve the same millions in sales.
13:05:32		That is the problem with <i>The Long Tail</i> . The whole long tail debate is an intelligent debate, but one has to see that, mathematically speaking, the integral supporting the long tail is simply much smaller than the integral one used to have with traditional business; in other words business is much smaller. And that is the problem and that damages creativity.
13:05:50	JG:	Perhaps a curious addition. I don't know whether you can confirm it with the German Börsenverein (association of trade). Books always have the advantage that supposedly up to 70 percent of books are never read, but given as a present. This means they may be a very different product than one thinks. I don't know whether the figure is correct, but it is not very far from reality. Of course, that does not apply to films, that does not apply to the press; it is use and payment in one go. With books one makes a gift, or makes a gift of a gift, or gets it given back, or puts it on the coffee table. So ...
	LAW:	(Laughs)
	VS:	Well, I would like to support what Mr Keese just said. That may well be a model that would work for a few books, but certainly not for the majority of books. I would also like to add to that the average book actually sells 2 – 3,000 times. That is the amount of books sold on average and that there is often one bestseller per every 50,000 titles sold.
13:06:49		And also when one considers what authors earn with readings. By comparison to a concert with a well-known pop star, that is such a ...
	CK:	Four hundred euro an evening.
	VS:	Four hundred to five hundred euros.
	CK:	That's the fee for a reading in a German bookstore. And you have to do quite a few readings each year before you can pay your rent.
13:07:10	JG:	Another one, another Keese thesis, because I find them really very interesting. And also have a lot to do with what has just been mentioned. If we now take the Hombach-Watz-DPA debate, I think now at the moment, it is very topical, then the question of copyright especially with the news. If it's now taken literally, it is identifiable. But, with regard to books, there are also pertinent debates, what if somebody sits down and busily reproduces the ideas from the content? But it can no longer be proven that it was stolen.
13:07:45	CK:	Yes, that is the paraphrase, but it is also relatively well represented how much one has to change, how much they can change until it gets a separate copyright as a paraphrase. But a copyright-free condition does not emerge due to a paraphrase. So copyrights are not compromised as a result. Of course, the DPA holds the

		copyright to its reports, and grants the newspaper publishers that have subscribed to the DPA or who are partners a usage right. But it is not a wandering, totally unrestricted right that can be used as one sees fit.
13:08:16	LAW:	Yes, we want to come back. Microphone, please.
	Audience member 5	You just said that some books can no longer be found. Could it not be done similarly to, say, the music industry, where for a certain fee one can still download it or maybe somewhere on a PDF file so that certain books can later be printed on paper? So that the intellectual property also remains protected and preserved and its author receives a certain remuneration or fee? And if one could now download older books, which are 20 or 30 years old that might be out of print, as a PDF?
13:09:04	VS:	Well, we are currently planning and holding talks, which are already well advanced, with the German National Library and VG Wort. And we are, in fact, planning a model where out-of-print titles can be made available online via the Web site of the German National Library, but can also be licensed to others and freely accessed by third parties. There will be a portal.
13:09:33		Despite this model being imminent, to begin with, attempts are being made to locate the right-holders, be it the original publisher or the author who holds the rights; a query will be made there and if he/she/it says: "Yes I am happy with that." Then it should actually be possible to make titles no longer available for delivery accessible. But, yes, we are indeed planning that.
13:10:01	LAW:	Dr Sich.
	VS:	... But can relatively ... well, not years ...
	LAW:	... They have to wait.
	VS:	But anyway, I would like to say once again that the public often has a certain, perhaps wrong, understanding of what is required, or what is actually behind such an audio book and the value of it. Why does an audio book actually cost 19 euro and also from Audible for download for 16 euro? It is because here an author has to be paid as well as one or more speakers; up to 30 speakers have to be remunerated in large radio play productions.
13:10:43		A studio is rented, the studio performance, possibly a director and also all the activities of the publisher, who carries out marketing, distribution, and so on. So it is, it is often difficult to convey to users, who think: Well, this is just a digital file on the Internet, why does it cost much? But a high number of individuals are involved in these productions, who have to be paid. And there is simply a, yes it is very difficult ...
13:11:10	LAW:	... My main question is clear. And, of course, my main interest is that these authors are sufficiently rewarded. Final question: Will the future see distribution between author and reader taking place directly on the Internet without the publishers?
	VS:	Well, I'm not sure, if one looks at the number of titles available in Germany - that's about one million books and the number of new publications each year, which is about 90,000, where that includes many new issues, but there are also many new publications. So, I don't yet have the impression that the Internet has reduced the attractiveness of publishing in print form or the attractiveness of publishing via a licensee.

13:12:06		And I also don't see, at least in the foreseeable future, that there will be much of a change. Of course, authors will increasingly try to put their texts directly onto the Internet but have the feeling that the primary interest ... The primary interest of the author is, at any rate, simply to write, the author wants simply to write and not have anything to do with everything else, with production, with the exterior design of the product, with distribution, marketing and sales, and so on. The author wants nothing to do with that. That means that he or she is actually very grateful if there is a licensee such as a publisher, which takes over all the work and also creates publicity for him or her.
13:12:49		And I think that for as long as it is still possible to earn money with books and also for many authors, who really make their living in this area, the publishing model will not be redundant.
13:13:02	CK:	Can I add an argument taken from the perspective of the reader? Why don't people read self-published books? Well, it's quite simple, because if an author publishes independently, there is no editor. And a book is always the collaborative work of an author and editor. And books that have not been edited are terrible. There is a good reason why they do not have a publisher. I think the main service of a publishing house is ensuring a book is well edited.
13:13:24	JG:	Two other observations, one is the longstanding sentimental argument, which also existed in the music industry. That is the feel; a book is more expensive because it can be held in the hand. Today, I wouldn't be so sure of that. I'm curious about how Kindle will continue to develop. By way of explanation for those who have still not heard, in the United States and also on the German market, Amazon is releasing a very limited electronic book, which has something like a feel to it. So be careful here.
13:13:55		The second thing, which I would now also like to introduce as a hypothesis, yes, I believe publishers also play a role in terms of credibility. That means publishers do not only, not only make books or edit, but also stand for programmes. That is not to be underestimated. So, many people are more likely to buy a book when it's released by this publishing house instead of that publishing house.
13:14:14		Despite everything, I believe in the functionality for the user, it's always been my métier, i.e. the media psychology, we get differentiation. With non-fiction, I say in all honesty, I'm not referring to popular science books, I see less and less why non-fiction, for example, on science, should still really be published in printed form. Because, at the very moment it is published, it is actually outdated and it makes a great deal of sense, and that is more a question of the business model, for that not to happen. Incidentally, school texts as well, that they are still there in printed form.
13:14:42		I'm not against it, but I see the pressure for it. Secondly, coffee table books, which I have already mentioned, are beautiful, beautiful because they are decorative. Therefore, I also don't think they are at risk. It is the field of fiction, i.e. novels and so on, that is interesting. And here, I could imagine that if there is neither relevance nor adornment, then I could imagine that such a thing as Kindle, following the principle of 'I'll read that now', pocket books, that this has a big chance. It doesn't mean that the business model will change, but I certainly think that the book industry is also subjected to more pressure than it ...
13:15:19	CK:	This does not mean that it will disappear from the market.

	JG:	No, of course not, I totally agree. Despite everything, of course, as with the film industry and to the music industry, the business models are changing.
13:15:26	PJ:	What is the opportunity for film on the Internet? We have the problem that traditional business models are having difficulty today. As you say: "The author wants to write, but he or she also wants to be paid." The creative industries are releasing statements that spell disaster, the most famous of which is that the FAZ has suddenly reduced the payment per line by a factor of three. The author still has to live from that. The pressure on margins in the film industry and also in the TV industry is enormous.
13:15:50		So what is the opportunity for creative people? It is the large number of new channels that provides the opportunity. When they started there was only the BBC, if the BBC did not like them, they had no job. Eventually private TV channels emerged, then PAY-TV and today they not only have a large variety of channels, but also a victory over the form.
12:16:14		They could make a feature covering 35 - 40 minutes, one hour, 90 minutes - the form dissolves in these values. Thus, there are larger areas of application. Yes, we have to answer the question for many things: How will it be paid? But the numbers of organisations that combine interest and in doing so are able to pay for it are increasing on the Internet.
13:16:35		Film is such that, I believe, that the iTunes principle, to me iTunes has established a new currency, not only for me, that is called Convenience. I supply you with something, if you buy a DVD in Thailand, someone runs across frame because it has been recorded from the last row of the theatre. Previously, the entire world market for film consisted of nine countries: South Africa, Japan, Korea, and that was it for the rest, outside Western Europe and the USA.
13:17:02		Today, films are purchased in Thailand via professional media services such as mediapierce.com, which is comparable with iTunes but for professionals, simply because one can get the product conveniently. That's why we reorganised in the office and said that passing on each right exclusively to an individual used to be a dogma. Today we say no. Pass on many non-exclusive licenses; you will increase sales and, yes, piracy will occur and, unfortunately, iTunes has also abandoned digital rights mastering, which is also a hardly insignificant gesture.
13:17:41		Where one has to say that the many more opportunities for reaching people coupled with convenience as an instrument and, of course, a reasonable system for tracking and continuing to track rights will hopefully outweigh the disadvantages. And I look forward to exciting times. It's just that those who pine for the traditional business models, the CD, will not be able to win.
13:18:11	LAW:	Business models, yes, our last panellist, yes. Yes, you've said, you are Head of Public Affairs, Axel Springer, yes. And I would like to pose this as the first question: Recently, at the Digital Life Design Conference, publisher Hubert Burda had had enough, the Internet does not have a viable advertising model. One can only earn only lousy penny amounts. Is this your opinion too?
13:18:51	CK:	Yes, Hubert Burda is a clever man, and also the president of our magazine publishers association ...
	LAW:	... Yes?

	CK:	... He is absolutely right. He is, he is absolutely right. But first, here's a good story. As professional journalists, we are extremely successful on the Internet. I remember, in the mid-nineties, when everybody said independent journalism was on its way. The professional journalist has no chance, everybody will contribute. Everybody spoke of OhmyNews from South Korea. The user does it all, user-generated content. Professional journalism is a thing of the past.
13:19:27		Today, one has to say that perhaps with the exception of OhmyNews, nowhere in the world is there a current or even exclusively advisor-driven Web site that is not made by professionals. As professionals we now have a global market share of almost 100 percent. And the fact that OhmyNews still exists is put down to the peculiarities in South Korea. Otherwise, professionals have asserted themselves. Now, of course, you will voice the objection: what about The Huffington Post in the U.S. Answer: Ms Huffington is, of course, a pro.
13:20:00		Not everyone who calls him or herself a blogger is a blogger in the classical sense; rather, classic editorial work takes place, which is editorial work, workflow-driven work. It is not just the author who hopes for a selection and evaluation, but an editor who edits, an editor-in-chief who releases; what goes at the top of the page, what goes at the bottom. So, the classic, journalistic quality assurance process. That happens at the Huffington Post in exactly the same way as it does at the Washington Post. So, we are successful beyond measure.
13:20:32		The only drawback is that we get no money for it. And the, the bug is actually in the system. We can't say that we haven't tried. Welt Online from our company by way of example: we tried at the beginning of this decade, i.e. the beginning of the nineties. We implemented a registration system. We didn't even want micro-payments, just the registration. People only needed to enter their name and e-mail address. If you implement Web site registration, within a few days a million page impressions will drop to about a thousand page impressions.
13:21:05		That is roughly the factor. It goes down to a thousandth. If you then also want to have micro-payments, then take one thousandth from the thousandth, that's the best way to find a user or a page impression, to start with a million, then register and then pay, then you are actually at this one page impression. It doesn't work, people don't do it. Why not? Because the neighbour is always there, for whom it's worthwhile to offer it for free because he or she still hopes to make money with it.
13:21:32		This is in the system and one can now also, now the new word, that we've all learned this year from the banking sector last year, is the <i>systemic</i> crisis, the <i>systemic</i> problem. Yes, it actually exists here. Because the whole system is set up for non-payment. And that also, Mr Haagsma, has something to do with copyright.
13:21:50		Copyright, as we all know, does not protect against private use or single viewing, but protects against copying. And the copying machine on the Internet is the proxy server. In the proxy, every network is linked to a proxy server, this is the, say, the network architecture of the network in the network.
13:22:08		And the proxy server caches, disseminates the cache, if it knows that this page is viewed frequently, Spiegel Online, focus.de, World Online, caches and disseminates in an organisation. One could say, copying machine, not unlike a copier. But the German Copyright Act includes Paragraph 44a, which provides for so-called provisional storage and eliminates the copyright.

13:22:34		I can still remember the beginning, middle of the nineties when 44a was introduced. It was introduced to prevent the development of the Internet, then the hottest technology in the world, from being impeded by copyright issues. And that's exactly what happened. In addition to not being impeded, copyright was simply brushed under the carpet.
13:22:53		Outcome: no copyright holder can assert a copyright claim against a proxy operator because it is all provisional storage, completely disabled. This applies to everything, it also applies to music, and it also applies to film. Publishers also have the special situation that they are the only so-called works mediator, which does not enjoy a separate performance right.
13:23:18		Film producers, for example, are not the only performance/right-holder relating to a film. Of course, there is also the scriptwriter, actors, etc, the music composer. But they are one of the right-holders. The same is true for concert promoters. When Peter Schwenkow organises a concert in the "Waldbühne" and the Stones perform, the Stones, of course, have a right to that, but so does Peter Schwenkow.
13:23:43		And if a DVD of this event is sold afterwards, he also receives his share of it. In German copyright law, in force since 1965, there is no performance right for publishing activities. I mean, if we want to exercise the right we have assembled, we have paid the salaries, provided space, we have the title rights, we have done the marketing, we have the subscription file, we collect payment from the subscribers, we bring them all together.
13:24:10		We are classical works mediators. If we wish to exercise our rights, we need to look to our own writers, who we appreciate highly and with whom we cooperate very well, with the freelancers and the in-house staffers and together with them speak with VG Wort to negotiate on how we can exercise this right together.
13:24:24		That was, in the case of the press review rights, a very difficult process, where, together with VG Wort, we then approached press review providers. But it has been hitherto excluded in the whole Internet sector. The result, in graphic terms, the result is: a director of the German savings bank who receives a client in order to discuss his or her credit line.
13:24:51		What does he do before the client arrives? He visits Google to see what has been written about the individual and then finds articles from Welt, FAZ, Handelsblatt, Rheinische Post, etc. He reads that, hasn't paid a cent for it, and then has the meeting, of course, enriched by the free information made available by us. The same company, however, pays for a Bloomberg terminal, which costs 18 thousand U.S. dollars a year for one single terminal, without batting an eyelid, pays 18 thousand U.S. dollars for it.
13:25:20		But because Bloomberg is so expensive, the director of the bank or credit consultant doesn't get that, but just a few bankers in trading rooms. And here lies, one simply has to say, a structural problem. Where will that lead to? How will the Internet, and I am now at the end of my preamble, how will it now be funded? Answer: through cross-subsidisation.
13:25:39		Because we all know that we have to be on the Internet, we cross-subsidise our Internet editorial departments from the print business. This, however, is not sustainable. Because, under threat from the Internet, the newspaper and magazine business is declining. That is to say, as we all know, we are, luckily in Germany

		relatively soft but still clearly recognisable, falling.
13:26:04		And we cannot afford this cross-subsidisation ad infinitum; therefore, it is in the nature of things that we point out clearly, also to the policy-makers, that in provisional storage and in the special case of publishers, the newspaper and magazine publishers, a legal loophole exists in terms of their performance rights.
13:26:23	LAW:	...Yes, thank you. We have a few more minutes. Do we have questions for Dr Keese? Yes.
	Audience member 6	<p>There was something about the invitation that troubled me. Namely, it says that the Czech Presidency wants to deal with the protection of intellectual property at the international level. In itself that is very laudable but the question is how? And here I have an appeal, especially for Mr Haagsma.</p> <p>I think that the situation differs in each country. There are countries that earn a lot with films or books or earn less. And as long as Brussels does not make laws, Brussels should certainly not make a lot of laws, but fewer. But as long as Brussels does not make laws, the countries could be tempted to enter into more and more agreements with America outside the EU area or with each other.</p>
13:27:25		And when these begin to appear, these agreements, then they are difficult to dissolve and then it will be more difficult for the EU to make collective laws. So, the path has to be that Brussels makes any law that has to be made and then this whole issue is placed into the international domain and not vice versa, otherwise it will be very difficult. Thank you.
13:27:50	AH:	Yes, thank you, I totally agree with you, if the results are correct. The problem is that one cannot just say that if something comes from Brussels - that it is better. Unfortunately it is not so, unfortunately it is not so. We have a few examples from recent years from the area of copyright, patents and so on. Where the Commission made proposals that were balanced and so on. And there a huge lobby came to Parliament of people, who did not want protection.
13:28:29		And here there are a few examples. Ultimately, nothing happened. And I've already said before, in the area of copyright there's now a whole raft of people who say that copyright should be discarded. And that's the big question for the Commission, when dealing with the Commission and I'm talking to my former colleagues, who are well aware of this danger and the same danger applies to data protection. Data protection is a directive, which is from 1995. There was no Internet or hardly any. There was absolutely no Internet as we know it now.
13:29:05		So, everyone said this directive must be amended. The great danger is that people who say: "Oh super." We have to amend the directive so that, for example, the police can obtain much more personal data. Exactly the same in the area of copyright and so on. That's why I say, what we really need to do is make people aware of the things we have now heard, of the problems that exist.
13:29:40		Because, once we agree on the problem and the solution, I do, indeed, entirely agree with you since it is then much better if there is a solution that ensures that the same rules exist throughout the Community. Then I entirely agree with you.
13:29:58	CK:	But may I add something? If we all agree that we have entered a knowledge society, then the position can't seriously be held that knowledge or copyright or creativity are not protected. We cannot drop back - I know that's not your opinion,

		but one has to point that out to the people who represent that thinking - to the era of Wolfgang Amadeus Mozart, who was given a paupers grave outside the city gates because he was not protected by copyright.
13:30:21		Dedicated to the Prince XY is written above every Beethoven piano sonata because Beethoven was existentially dependent, so to speak, on demonstrating servility to the prince and writing a tribute above his sonatas, because otherwise he would not have been able to survive. That can't be our objective. It must be possible, the possibility must exist, for people who are creative to have a good standard of living as a result of their work.
	AH:	Yes, totally agree.
	LAW:	I think, ladies and gentlemen, that we cannot bring this discussion to a close better than with Mozart and Beethoven. Thank you.