

**The Future Digital Economy
Digital Content – Creation, Distribution and Access**

**Organised jointly by the Italian Minister for Innovation and Technologies and the
Organisation for Economic Co-operation and Development**

30-31 January 2006, Rome, Italy

**Presentation by Rita Hayes, Deputy Director General,
World Intellectual Property Organization
30 January 2006**

Session 2: Broadband and digital content: Creativity, growth and employment

**Presentation by Rita Hayes, Deputy Director General,
World Intellectual Property Organization
30 January 2006**

Session 2: Broadband and digital content: Creativity, growth and employment

Minister Stanca
Secretary General Johnston
Friends,

Good morning. Allow me first to thank the OECD and the Ministry for Innovation and Technologies for inviting me to be with you today. The World Intellectual Property Organization very much welcomes this opportunity to interact with both government representatives and business leaders in the digital world. Given the rapid technology changes that characterizes this area, our work together is gaining increasing importance, and increasing urgency.

This major event comes not only at an appropriate place but also at an appropriate time. Italy is indeed a cradle of creativity and culture today; it is also the place where significant trade in cultural goods first began in the 15th century.

We have witnessed a period of intense international activity on the IP scene following the adoption in 1994 of the Trips Agreement and in 1996 of the WIPO Internet Treaties. Now is the right time to explore how we can build on our respective strengths to enhance international cooperation in this area.

The large attendance at this conference clearly reflects IP's move to the center stage of contemporary international economic relations. Today, copyright plays an important role not only in contributing to the income of individuals and corporations worldwide but in building the wealth of nations.

Successful international competition often relies upon efficient use of specific rights granted. Intellectual property, and copyright in particular, has become one of the most important intangible assets of the digital economy. It serves as the basis for entire industries in generating value-added content, increasing employment, and stimulating trade and investment. Innovation, research and creativity cannot occur without economic incentive. IP provides that incentive.

According to some estimates, the creative industries, most of which are based on copyright, accounted for more than 3 trillion U.S. dollars in global trade last year. That figure is expected to double to more than 6 trillion dollars by 2020. In many parts of the world, the creative industries are growing faster than other economic sectors and are creating jobs at a much faster rate. Copyright industries account for 8.4 percent of employment in the United States, and nearly 6 percent in Singapore¹.

Continuing progress in technology will further enhance this trend. Broadband delivery of digital content is growing rapidly in many parts of the world. The last 12 months have witnessed a 60 percent increase in broadband traffic in Europe alone.

These figures show that the creative industries have a huge potential for growth. However, this potential relies on proper copyright protection and control of piracy. All of us here today approach the digital economy from different points of view. But we all share a common interest, and that is content. Content is the currency of the digital economy that is shared and traded across the Internet. Without attractive and innovative content, the Internet would be a barren landscape.

¹ WIPO Guide on surveying the Economic Contribution of the copyright based industries

WIPO puts much effort into explaining how a properly balanced IP system serves the interests of developed and developing countries alike. We view intellectual property as one of the key tools to be used for economic, social and cultural development. While efficient use of the IP system is not the only factor that contributes to economic development, it is of growing importance in the development of an increasing number of countries.

What is needed to ensure that the valuable tool of IP is properly employed? Certain conditions must be in place, including three key factors:

- An inclusive and sound legal framework;
- Effective enforcement regimes;
- An environment that is “IP friendly” and encourages the development of creative industries.

Let me comment briefly on these 3 points:

I. An inclusive and sound legal framework

Governments and international organizations cannot create business models. What they can do, however, is support their constituents – whether they are creators, businesses or consumers – in the fast-changing technological landscape. Today, it is our role to promote broad access to content, and to help ensure that creators and owners of content are compensated for their work.

1996 represented a milestone with the adoption of the WIPO Copyright Treaty (WCT) and of the WIPO Performances and Phonograms Treaty (WPPT), which brought copyright rules into the digital age and help encourage access to and trade in digital content. WIPO is committed to working towards the broadest possible adherence to the Treaties to ensure adequate protection for creative works.

Digital rights management is also helping to streamline licensing and to encourage trade in copyright-protected goods. Further work on the part of industry is required in this area, notably in promoting standards and ensuring that different systems are compatible with each other. Standardization is an essential building block of the Information Society, in the IPR field as elsewhere. WIPO is closely following developments in this area.

Without a common approach to DRM standards, key issues regarding compatibility between digital devices and copyright-protected digital content will remain unresolved. This would be an obstacle to increasing the legal availability of copyrighted content on the Internet. WIPO is also considering ways to address the interplay between limitations and exceptions and DRM-protected content – particularly in regard to accessibility issues.

Copyright and the IP system in general is by its nature an ongoing process, one that is regularly challenged by new technologies. This calls for new policy developments to adapt to changing circumstances and needs.

WIPO’s copyright agenda, as established by our Member States, currently includes the development of a new treaty to update the protection of broadcasters in the digital age. The treaty would address the problem of signal piracy, which is a growing phenomenon in many parts of the world. Why is this important on the international level? While not every country in the world has a flourishing and diversified cultural industry, every country has a broadcasting sector. The broadcasting sector is often a significant means for people to experience their own culture and the culture of others. It is also an important tool for educational purposes.

Launched in 1997, discussions on a new broadcasting treaty have now reached a final stage. Member States and interested parties will meet in May to continue discussions on the text of a treaty,

and WIPO's Assembly of Member States will decide next fall on the convening of a Diplomatic Conference to adopt this new instrument.

In establishing international IP standards, WIPO's activities are driven by four main principles:

- The process is Member driven. Our role is to support our constituents – whether they are creators, businesses or consumers – but our duty is to ensure that Member States' national interests fit with the global agenda. Governments take the lead in setting the legal framework and policy direction; but every stakeholder has a role, and shares responsibility for IP policy development in the general public interest.
- The legal framework strikes a balance between the interests of producers and users, and the broad objectives of development. This concern is reflected by the recent inclusion of the issue of exceptions and limitations to copyright and related rights for the purposes of education, libraries and disabled persons, in the current agenda of WIPO's Standing Committee on Copyright and Related Rights. The Committee's goals in this regard are to strengthen international understanding of the need to have adequate limitations, to explore existing and proposed models of protection, and to move towards agreement regarding these exceptions.
- The third principle is flexibility. Since 1996, the process of shaping international copyright policy has evolved considerably. The new environment requires both speed and flexibility. This means that while legal and normative activities remain crucial to the work of the Organization in the copyright area, flexible soft law approaches will have to be increasingly explored as well.
- I also want to stress that it is an inclusive process, including Governments as well as academics, civil society, and the private sector. WIPO acts as a facilitator helping to maintain an ongoing dialogue between all stakeholders.

II. Creating a secure marketplace through effective enforcement

Legislation and its proper enforcement are the two main pillars of the rule of law. Simply put, one does not work without the other. The development of appropriate enforcement mechanisms has been an area of increasing concern to WIPO. The WIPO Advisory Committee on Enforcement was established in 2002 and has been successful in providing a forum for discussion on enforcement matters, with a mandate to provide technical assistance, coordination, cooperation, and an exchange of information. Piracy is a global problem that has no borders. It calls for global cooperation and global solutions. It is crucial that governments provide adequate resources to assist in this effort. In this regard, I am pleased to announce that WIPO will be hosting the Third Global Congress on Counterfeiting and Piracy in January 2007.

III. Making the best use of IP and creating an "IP friendly" environment

A key part of WIPO's work, beyond standards setting and promoting effective enforcement, is promoting the development and use of IP and working with Member States to create what I would call an "IP-friendly" environment.

As part of the United Nations family of organizations, WIPO has a strong development mandate. A significant portion of our budget and work programs are devoted to ensuring that all countries, and developing countries in particular, can make the best use of the benefits offered by the IP system and opportunities offered by advances in technology. It is interesting to note that by 2005, some 641 million people were online. However, the Internet is still far from global and there remains a "digital divide" between technologically developed and developing countries. Only 1.5 percent of the African population is online, compared with 68 percent in North America.

Our Member States have asked WIPO to assist them in deriving value from the modernizing of their IP systems. WIPO is responding by developing practical tools for assessing and exploiting IP assets. To give you just one example, a number of studies and practical guides to measuring the economic impact of creative industries have recently been published by WIPO. These help policy makers appreciate the potential of their own creative industries, and assist them in shaping policies to encourage their growth.

An important parallel to the implementation and enforcement of copyright laws is increasing public awareness of the value of copyright protection. This means promoting respect for copyright and creative works. Well-informed and responsible users are crucial to the success of any IP system. To this end, WIPO has expanded its activities in public outreach, targeting young people, small and medium sized business owners, creators and consumers with tailored messages to promote a broader understanding of the issues involved. This is an area where we are building partnerships and cooperation with governments and the private sector to get the message out.

I would like to conclude with just a few brief points:

- The Internet raises major opportunities and challenges for the intellectual property system. Opportunities for more effective use of intellectual property rights are available to more and more countries every day. We must recognize, however, that much of the progress is taking place in the developed rather than the developing world. As the international forum for policy making in intellectual property, WIPO will continue to meet this challenge in an open and balanced way.
- International policy-making in intellectual property must ensure that the intellectual property system remains effective in encouraging creativity and innovation. Governments must take a proactive approach to using the IP system to turn creativity into economic growth. WIPO assists in this approach on the basis of specific requests from its Member States.
- Achieving consensus at the international level is rarely easy. WIPO's Member States, as well as industry and other stakeholders, are looking at IP issues from different vantage points. I often say that a large part of our job is listening. So we will continue not only to listen but also to be open in our activities.

I would once again like to thank the Italian government and the OECD for this event. In this global market, building strong partnerships is key to reaching our objectives. The future of the digital economy in large part depends on creation of content, its effective distribution, and striking a balance between fair access and compensation. I invite you to work with us, and to participate in our universal and open dialogue on pressing IP issues. There are many challenges before us. I am confident that, working together, we can achieve success.

Thank you.