



AMERICAN CONTINENTAL GROUP

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CONTENT & TECHNOLOGY POLICY REPORT MARCH 17, 2017



I. Congressional Updates:

- On Monday, March 20th the Senate Judiciary Committee will begin its confirmation hearing for President Trump's Supreme Court nominee, Neil Gorsuch. In a [press release](#) announcing the hearing, Committee Chairman Chuck Grassley (R-IA) said that he expects the hearing to last 3 to 4 days.
- The [Copyright Alliance](#) and the [News Media Alliance](#) announced this week that on Monday, March 27th from 12 p.m. to 1:30 p.m. they will co-host a Capitol Hill lunch briefing on "Fairness in Copyright: The Importance of Copyright to Investment and Creativity." The event, which takes place in Rayburn House Building Room 2226, will feature remarks from Rep. Hakeem Jeffries (D-NY)—a member of the House IP Subcommittee—as well as a panel discussion with participants from the Authors Guild, Oracle, Getty Images, and more. To RSVP to the event, please email rsvp@copyrightalliance.org by March 24th.
- On Tuesday, the Senate Finance Committee held a confirmation hearing for Robert Lighthizer, President Trump's nominee for United States Trade Representative (USTR). In his [opening statement](#) Committee Chairman Orrin Hatch (R-UT) said he expects this nominee "and this administration to be strong advocates for U.S. intellectual property rights," calling IP the backbone of the U.S. economy. Hatch furthermore implored the nominee, and the Office of the USTR at large, to update and negotiate new trade agreements so that they "reflect a standard for U.S. intellectual property rights similar to U.S. law..." Lighthizer indicated that he, too, understood

Headlines and Highlights:

- White House submits "skinny budget," calls for eliminating NEA, NEH.
- On Monday, Senate Judiciary begins confirmation hearing for Supreme Court nominee Neil Gorsuch.
- Copyright Alliance and CreativeFuture send letter, signed by over 70,000 creators, to U.S. elected officials calling for strong copyright system.
- E-book piracy costs U.S. publishers \$315 million a year, Digimarc study finds.

In the Blogs:

[Who Does OpenMedia Really Speak for?](#)

Hugh Stephens Blog
March 13 by Hugh Stephens

[Are the EPO President's Days Numbered?](#)

IP Watch
March 15 by Dougie Standeford

[Will the EFF Tolerate Any Copyright Enforcement?](#)

The Illusion of More
March 14 by David Newhoff

the need for robust IP protections saying anything less “stifles innovation and science and the competitive advantage of the U.S.”

II. Judicial Updates:

- The Ninth Circuit Court of Appeals has asked the California Supreme Court to rule on the Flo & Eddie pre-1972 royalties case, arguing that “there is no controlling precedent and the California Supreme Court’s decision could determine the outcome of [the] matter pending in our court.” The Ninth Circuit also stated that, “as an incubator of both musical talent and technological innovation, California has a significant interest in the appropriate resolution” of the case. Read more [here](#) and [here](#).

III. Administration Updates:

- On Thursday, the White House submitted its [2018 budget blueprint](#)—the so-called “skinny budget”—to Congress. The budget calls for a \$54 billion increase to defense spending while eliminating funding for the U.S. Trade and Development Agency; the National Endowment for the Arts; and the National Endowment for the Humanities, amongst other cuts. The document also proposes cutting the Commerce Department’s budget by 16 percent, or \$1.5 billion.

IV. International Updates:

- On Tuesday, Voice of America (VOA) reported that Vietnam Prime Minister Nguyen Xuan Phuc recently spoke to a delegation of American businesspeople, telling them he wants to strike a bilateral trade deal with the U.S. to replace the Trans-Pacific Partnership (TPP). In the United States Trade Representatives (USTR) 2016 [Special 301 report](#) Vietnam remained on the “Watch List.” The report cited rampant IP theft—a trend, the report says, will “continue to worsen” as more Vietnamese obtain broadband Internet access—and claims the Vietnamese administration’s enforcement actions “have failed to deter widespread counterfeiting and piracy.” Read more [here](#).
- On Thursday, *The Verge* reported that the Swedish music streaming platform Spotify has agreed to restrict some future albums to its paid tier of subscribers as it looks to renegotiate its expired licensing deals. In exchange for restricting some new album releases, Spotify will receive a reduction in royalty fees it pays to record labels—part of a bid, the report says, to make its business more attractive ahead of an initial public offering. Read more [here](#).
- A leaked report from the European Parliament’s Legal Affairs Committee, written by Maltese MEP Therese Comodini Cachia, recommends weakening the European Commission’s proposed copyright reforms. In particular, the report suggests the removal of provisions that would require companies such as Google to pay for the use of news article snippets, as well as a proposal that requires services such as YouTube to use content recognition systems to automatically remove infringing content. The report also proposes that a copyright exception for scientific research conducted by means of text and data mining should not be limited to the field of scientific research, and instead include “the field of innovation.” Read more [here](#) and [here](#).

- *TorrentFreak* reports that despite dissent from creators and content companies, “momentum appears to be shifting in favor of technology platforms” in Australia who are pushing for increased safe harbor protections. Prime Minister Turnbull has indicated support for proposed safe harbor amendments to the country’s Copyright Act, and a newly-formed Senate inquiry will investigate the merits of the amendments. Read more [here](#).

V. Industry Updates:

- On Tuesday, the Copyright Alliance and Creative Future [sent an open letter](#) to U.S. elected officials signed by over 70,000 creatives stressing “the need for a strong copyright system that rewards creativity and promotes a healthy creative economy.” In conjunction with the open letter, Copyright Alliance CEO Keith Kupferschmid and Creative Future CEO Ruth Vitale [co-authored an op-ed](#) in *The Hollywood Reporter* underlining the economic impact of the copyright industries. “In 2015, [creative industries] added \$1.2 trillion to the U.S. GDP,” Kupferschmid and Vitale wrote, adding that this sector “employed nearly 5.5 million people, and exported to countries around the globe.”
- On Monday, New York City Mayor Bill de Blasio and Media and Entertainment Commissioner Julie Menin announced the results of an economic impact study of New York City’s music industry. The study found that the NYC music industry supports “nearly 60,000 jobs, accounts for \$5 billion in wages, and generates \$21 billion in total economic output for the city.” Read more [here](#).
- This week, Digimarc Corporation and Nielsen presented the findings of their [study](#) on e-book piracy. The study found that e-book piracy currently costs U.S. publishers \$315 million each year in lost sales. It also found that 70% of illegal downloaders have either graduated from college or have a graduate degree while also having a yearly household income between \$60,000 and \$99,000. Read more [here](#).
- Last Friday, Intellectual Property Owners Association (IPO) President Kevin Rhodes sent a letter to the Librarian of Congress suggesting qualifications and ideal characteristics for the next Register of Copyrights. The letter states that the next Register should be a “recognized leader in the field with strong management and leadership skills and in-depth knowledge of copyright law and procedures.” Additionally, Rhodes suggests that the next Register should have “significant prior experience with the Copyright Office’s services, processes, and employees.” Read the letter [here](#).