

# Intellectual property rights and business models for the future creative industry

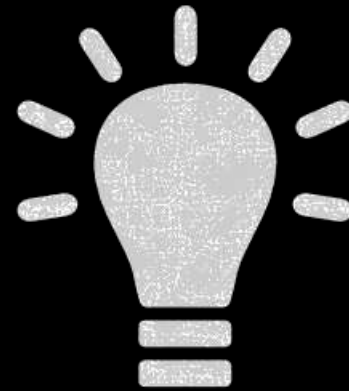
**Tommy van der Vorst MSc**  
November 11, 2014, Barcelona

# What is intellectual property?

## A product of creativity



Must be *novel*  
(i.e. not plagiarized or  
pre-existing)



Result of a  
*creative process*

# Types of intellectual property rights



Utility  
patent



Performing  
right



Privacy



Copyright



Database  
right



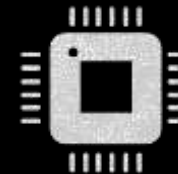
Industrial  
design right



Trademark



Portrait  
right



Semiconduc  
tor right

# Two components of IPR

Intellectual property is, by its nature, a public good. IPR is necessary in order to:

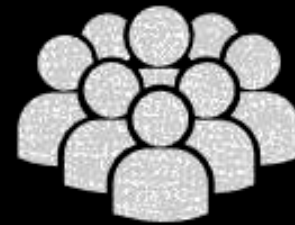


## **Economic:**

Prevent free-riders

Remunerate R&D investments

Incentivize production of IP

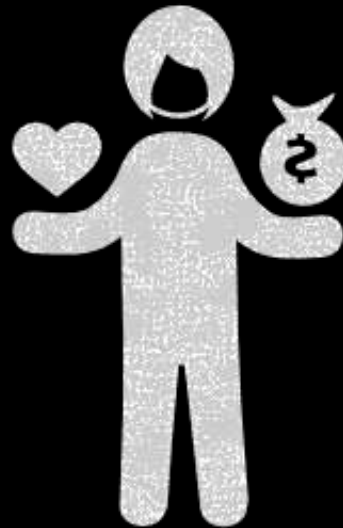


## **Moral:**

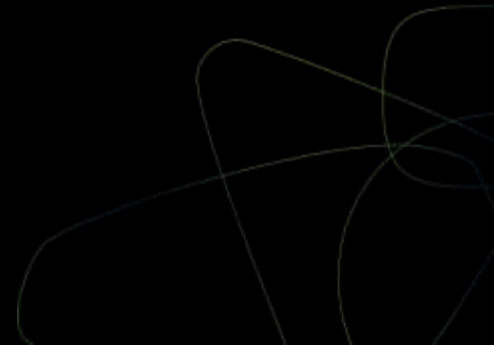
- Attribution to artist/inventor
- Control dissemination

# Trade off

Artists want to perform and share...



...but also make some money (to keep performing and sharing)



# The Future Creative Industry



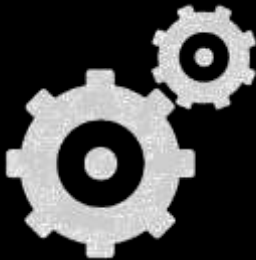
Distributed  
Co-creation



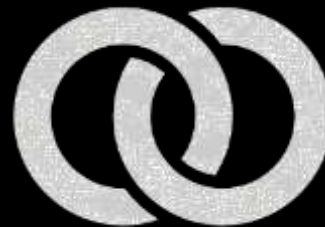
Share source  
materials



Distributed  
performance



Innovative  
technologies



Creative Ring



Customized  
content

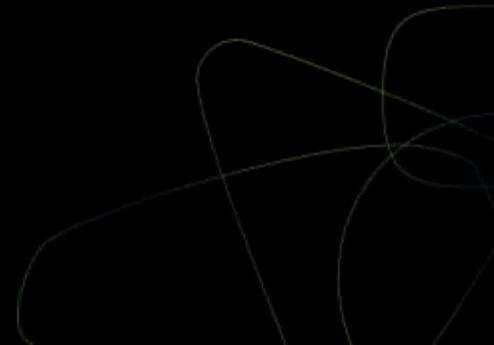
# IPR issues in the Future CI

- **Cross-medial → cross-IPR types**  
Suddenly you need to deal with software licenses in your music project
- **'Distributed' → cross-legislations.**  
Even small differences in legislation make using IP-protected content between countries difficult.
- **'Co-creation' → Co-owners of IPR?**  
Who owns what?
- **Privacy and security**
- **Business modeling: how do you still make money if everything is shared?**

# Primary revenue streams through IPR

Artists make money by directly monetizing their IP with IPR:

- You own copyright on something, and you are the one to exploit it
  - Ex: paintings, photos, small-scale music productions
- Someone else has your rights, and monetizes your work
  - Ex: traditional music industry
- You license some of your rights to someone else, who monetizes your work
  - Ex: spin-offs



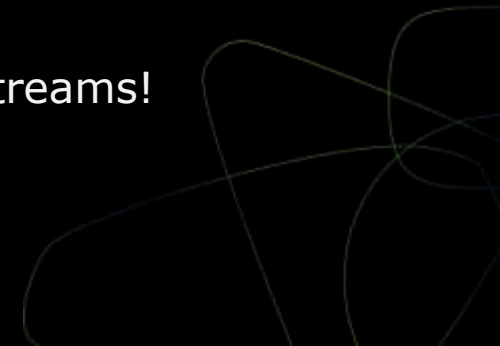


# Secondary revenue streams

Artists make money indirectly through *appropriation* of something else in the value chain. Give away your work for free, but...

- **Monetize other things**
  - Ex: famous artist also has fashion line
- **Monetize on customizations of it**
  - Ex: software developers
- **Monetize on the full version**
  - Ex: icon designers
- **Put in advertisements**
- ...

These could be much more interesting than the direct streams!

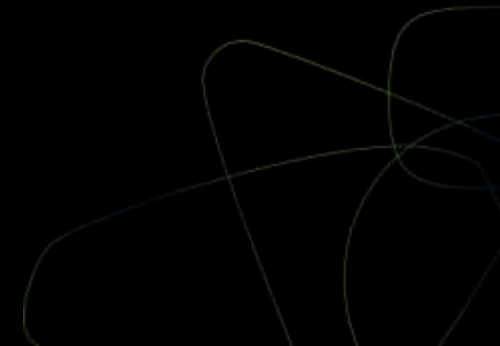


# Appropriation (or 'soft IPR')

## Q: How to retain value in a (more or less) open ecosystem?

- Installed base
- Secrecy
- Owning crucial IPR
  - On content
  - On platform workings (e.g. to prevent others to create a platform)
- Lock-ins
  - *De facto* standardization (file formats etc.)
  - Sunk cost
- Being the first
- Strength in complements
- Brand name & reputation

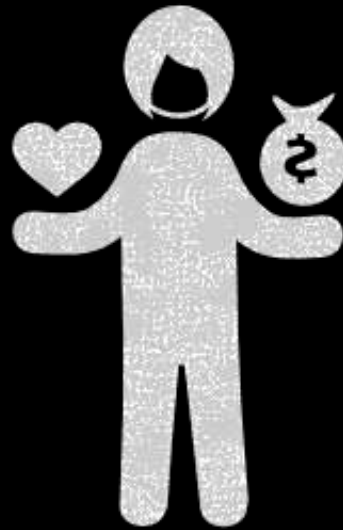
(Some of the above is only relevant for specific types of IP such as software)



# Something needs to change

## Current CI

- Primary revenue stream through IPR
- Default is to protect
- Sharing, co-creation difficult



## Future CI

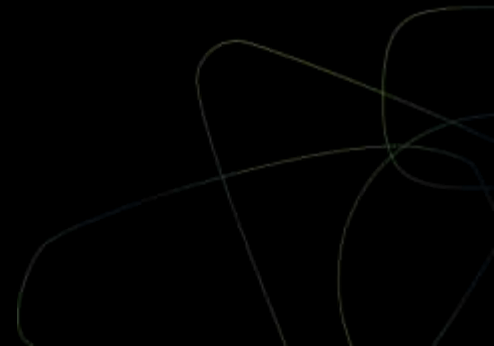
- Secondary revenue streams more important
- Default is to share
- Sharing, co-creation should be easy

**How can the creative ring enable this?  
(=SPECIFI WP7)**

# Idea 1: a common IPR framework

The creative ring provides:

- A common set of IPR license models. 'Default' set, does not preclude extra licensing deals outside CR
- Templates for license agreements, contracts, etc.
- Guidelines on attribution

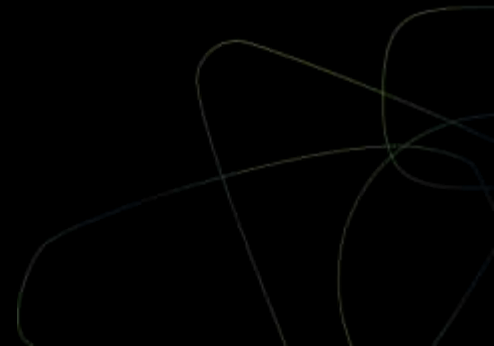


# Idea 2: creative IP market

The creative ring acts as a broker of content (a sort of 'online store') under coherent conditions:



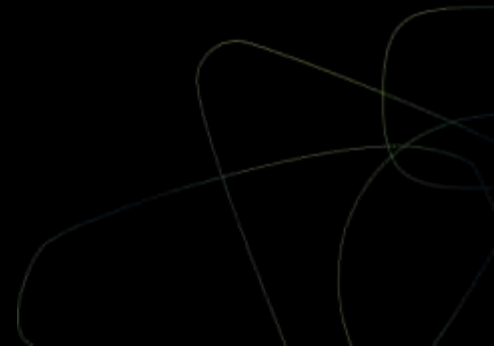
- Different models for remuneration
- Problem: how to value creative works?
  - Let the market decide
  - Common pricing / guidelines



# Idea 3: a creative pool

Like 'patent pools', only for the creative industry

- Artists 'donate' their work to the pool
- In turn, artists can use work from the pool (those who don't donate cannot)
- Different possible models for remuneration
- Problem: how to value creative works?
- What can and can't you do with content from the pool?

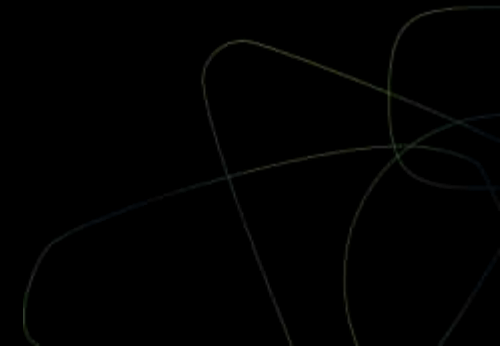


# Idea 4. Open source licenses

Open source licenses used to be for software, but their model perhaps also works for other types of IP.

Examples:

- **'Free as in free speech':**
  - GPL2. If you use something GPL'ed, your own work is under GPL by extension ('viral').
  - GPL3: you also implicitly license your patents so user cannot be sued later on
- **'free as in free beer':**
  - BSD, MIT: Basically, you can do whatever you want (even commercial things)
  - Creative Commons (different variants). Do whatever you want, but not commercially and/or with attribution



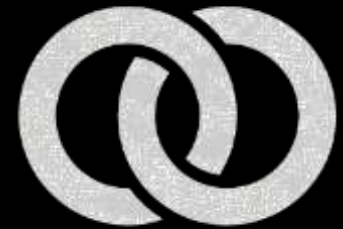
# How to deal with IPR in the Creative Ring?

SPECIFI IPR framework (D7.4) to the rescue:

1. Map content used in a project, find out IPR status and owner
2. Map all parties involved in a project
3. Map flows of content between parties
4. Attach IPR measures to each flow (e.g. license terms)

Coincidentally we use the same procedure for assessing security and privacy risks:

1. Find out which content items are privacy-sensitive or confidential
2. Attach data retention policy, protection to items
3. Attach security measures to content flows





# Q & A

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