

Study Reinforces Need for Copyright Reform – Peer to Peer Downloading is Harming Music Sector

February 28, 2011, OTTAWA – New analysis of data gathered by Industry Canada in support of decisions surrounding copyright reform concludes that reforms that deter peer to peer (P2P) downloading will lead to increased music sales and artist revenues and the preservation of jobs in the creative industries.

The report, commissioned by the Canadian Intellectual Property Council (CIPC) and entitled *The True Price of Peer to Peer File-Sharing*, takes a closer look at survey data gathered by Industry Canada between 2005 and 2008. In his analysis of the data, Dr. George Barker, director for the Centre for Law and Economics at the Australian National University, concludes that P2P downloading harms music sales and, that without access to P2P downloading, 75% of downloaders would purchase music through a combination of CD and digital retail sites.

“Without access to peer to peer file-sharing, even the hardest core downloaders, the ones who normally don’t buy any legal music at all, say they would go legal – they would buy a third of the music they previously downloaded, from legal sources,” explains Dr. Barker. “That means that copyright reforms that reduce access to P2P sites would not only increase music sales, but would support artists and other professionals in the recording industry and boost government revenues as black market activities return to mainstream commerce.”

“This is good news for members of Parliament as they review Bill C-32, *The Copyright Modernization Act*,” says Bob Weese, chair of the CIPC. “This research proves that efforts to target large scale infringers of copyrighted material through copyright reform will, in fact, produce positive results for the Canadian economy and the cultural sector, in particular.”

Key findings in the report include:

- three out of four people who download some or all of their music using P2P, say they would purchase music through legal means if P2P were not available;
- “hardcore” downloaders who only access music through free P2P downloading would legally purchase one third of their music if P2P were not available;
- given the portion of music that all downloaders surveyed say they would purchase from legal sources, and the average price of music at the time the survey was conducted, downloaders would spend in excess of \$175 more per year on music, adding up to hundreds of millions of dollars of increased music sales.

The Industry Canada survey data were used to inform a previous study, published first in 2007 and later in 2010 with different results at the time of each publication. In *The True Price of Peer to Peer File-Sharing*, Dr. Barker examines the reason for the instability of the original results while also analyzing data that was overlooked in the first analysis.

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The Canadian Intellectual Property Council (CIPC) is a coalition of business groups working together under the banner of the Canadian Chamber of Commerce to improve Canada’s economic competitiveness by ensuring the adoption of world-class intellectual property protection.

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