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in cooperation with the Jamaica Intellectual Property Office (JIPO)

and in collaboration with
Gordon McGrath, Attorneys-at-Law
Kingston, April 19 and 20, 2011

PROTECTION OF COPYRIGHT ON THE INTERNET AND LICENSING

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Sports Piracy and Sports Betting

Kingston, Jamaica
20 April 2011
Oliver Weingarten
Sports Rights Owners Coalition
(SROC)

The Sports Rights Owners Coalition ("SROC") is an informal group of representatives

of international and national sports bodies with a particular focus on rights issues.

SROC operates as a forum through which sports bodies can share information and experiences. In particular, the purpose of SROC is to enable:

- discussion and sharing of best practice on key legal, political and regulatory issues;
- raising awareness of new developments and innovation in sports rights; and
- sports to take joint action to protect and promote their rights.

Sport is special. It has the power to bring together nations, religions, races, and people of all ages. Sport makes a real difference to peoples' lives and delivers huge economic and social benefits at national and local level.

SROC members sell rights to create income that can be reinvested into their sport. Due to its immense popularity across the world, sport is attractive to pirates and commercial undertakings looking to sports content to create profit, without any reinvestment in sport.

SROC seeks proper recognition of the value of sport from Governments across the world, and effective protection for their rights under law.

SROC members are looking to National Governments and international Treaty Organisations such as the European Union, WTO and WIPO to:

- Fully recognise, protect and promote the special nature of sport and sports rights;
- Provide comprehensive protection for sports rights, including their names, logos and marks:
- Prevent the theft of sports events broadcasts by pirates;
- Outlaw ambush marketing and ticket touting/scalping; and
- Create a regime for sports betting that enables sport to protect its integrity, and establishes a fair return to sports for the use of their events by betting operators.



































































































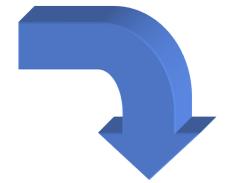
SROC meets quarterly, generally in London. It is open to sports bodies who share these goals to contribute in whatever way they can, including through email exchange. For more information, contact SROC through Oliver Weingarten or Mathieu Moreuil at sportsrights@sroc.info April 2011

The Value Chain



Premium Sports
Competition

Quality of Football Quality of Matchday experience



Reinvestment back into football
Team Building
Youth Development
Stadia Enhancement
Grassroots Investment

The Competition

Premium Broadcast
Product
Quality programming
League and club product
Broadcast/New Media
'Story' of the competition



Re-distribution
Guaranteed club revenue
Appearance &
performance-based
revenue



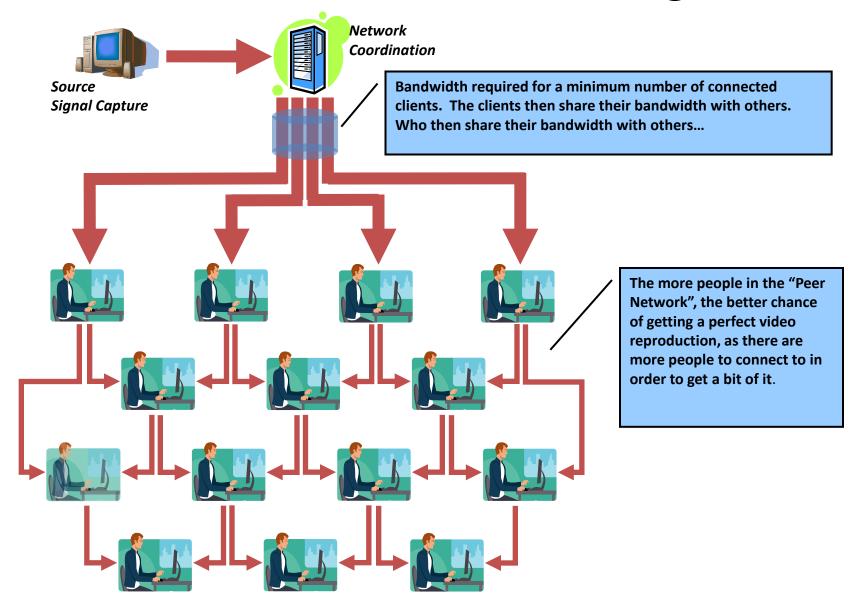
Digital Piracy

- No copyright in a sports event
- Filming by Host Broadcasters
- Distinction between footage and broadcast copyright
- Assignment via contract
- Sell on a platform neutral basis domestically, then internationally
- No different to other creative industries except "live"
- Value diluted if no swift enforcement

Digital Piracy

- Breach of copyright; trade marks
- Free (advertising)/Pay sites/Scams
- Professional appearance of pirate sites (IP)
- Blue chip companies advertising on pirate sites
- Technology improved quality for end-user
- Unicast streams with site providing bandwidth
- P2P software (mainly developed in China) where streams inserted by the site and bandwidth is supplied by users (more users the better the quality of the stream)
- User Generated Content (UGC) Live Streaming

Peer-to-Peer Streaming



The Different Pirates

Site Type			
P2P Developer	Software used to stream live. Content can also be injected into software i.e. SopCast		
P2P Streaming Distributor	A site that embeds/links to P2P Developer stream. Mainly Chinese based i.e. www.zqzhibo.com		
Streaming Distributor	A site that embeds or links to the live AV content. Link example – myp2p.eu, embed example – atdhenet.tv		
Streaming Site	A site that provides streams via a dedicated server i.e. streampro.tv		
Streaming Server	A server used by a streaming site		
UGC Streaming Site	User Generated Content: live AV streamed through free sites		

Statistics

	2007/08	2008/09	2009/10	2010/11 (to 31/03/11)
Standard AV *	277	408	904	963
UGC Live Streaming	6	1,389	15,130	14,166
Total	283	1,797	16,034	15,129

- * Standard AV includes: P2P Infringements, Distributors, Streaming sites & servers
- During the 2009-10 Premier League season, 16,034 live infringements discovered
- 535 unique P2P streams (URLs) from 13 P2P Developers
- 15,130 unique UGC streams/channels from 10 UGC Live sites
- 328 distributor sites (linking to/embedding live content)
- 37 Unicast streams (27 sites/10 servers)
- UGC live streaming = 94% of problem

SopCast Embedded Stream & Ads



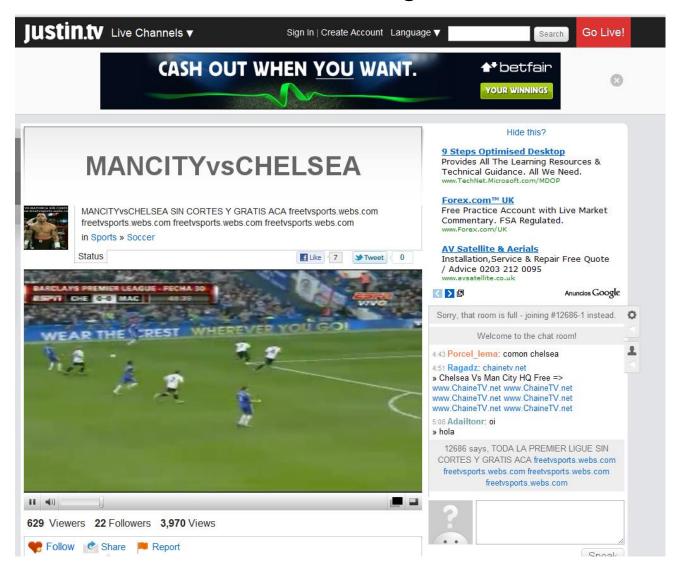
UEFA Champions League – FOX Sports (Latin America)



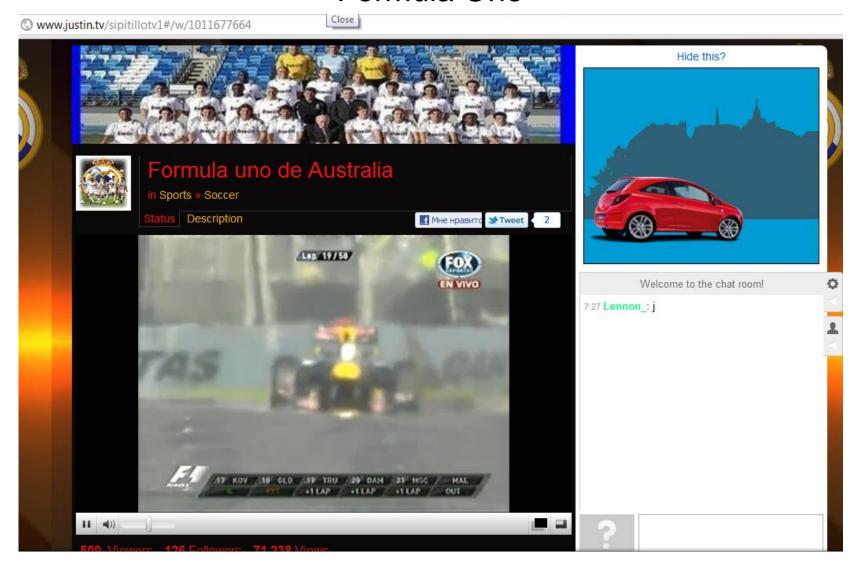
- February 2008:
 - Used by users for free to stream sports content
 - Affects numerous rights owners
 - Repeat infringers simply change their channel names by 1 character once they have been removed; i.e. pp_6, pp_8, etc

 - Ease of set-up for users
 - Repeat infringers
 - Multiple sites embedding streams
 - No limitation on streaming time
 - 49,500 live sports streams removed (NetResult)
 - Working with Vobile
 - UFC initiated lawsuit in US

Premier League



Formula One



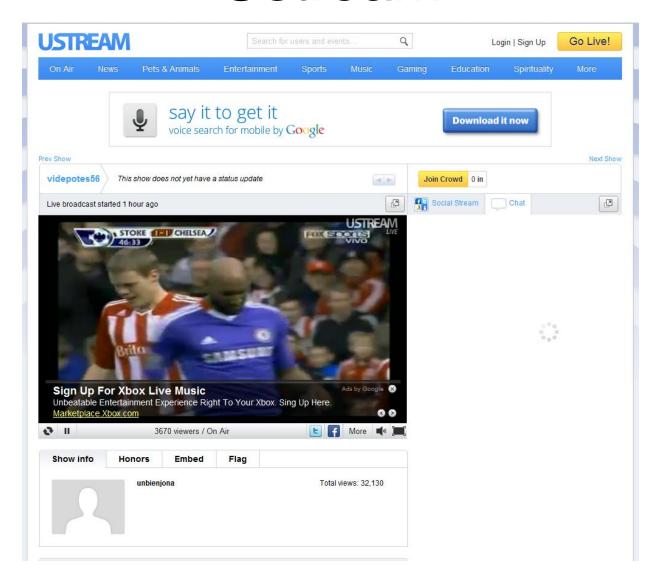
Formula One

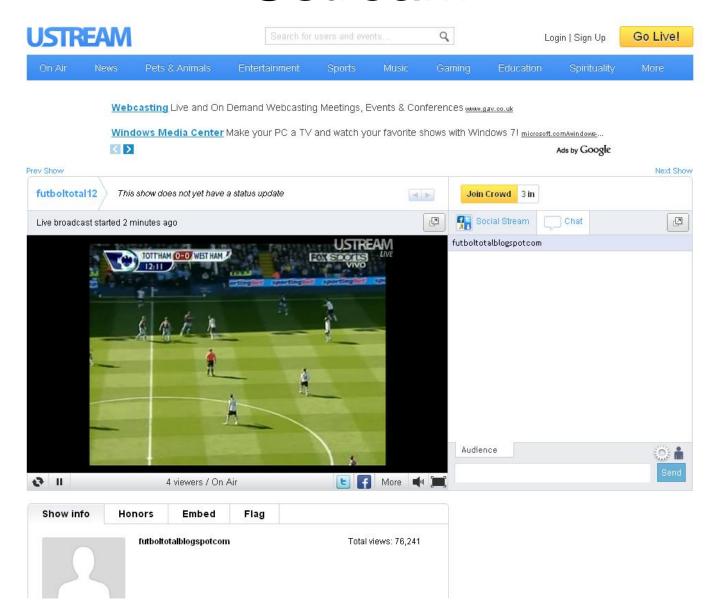


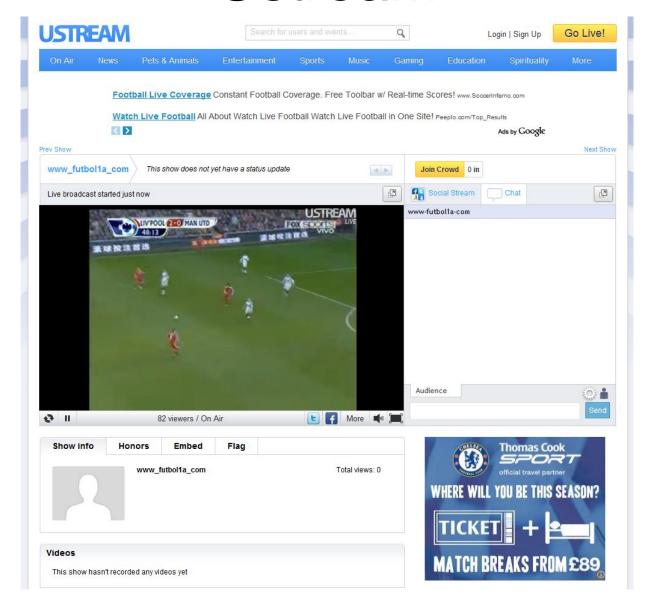
Tennis Australia



- UGC live site based in Silicon Valley
- Affects numerous rights owners
- Takedown tool
- Password protected streams
- Not all streams are listed on site







How to Tackle?

- Find the content webcrawling (automated) and manual
- NetResult cease and desists
- Legal Action jurisdiction issues, locating defendants who registered with false details, problems with enforcement, frivolous counterclaims, payment gateways e.g. Paypal
- ISPs/filtering technology
- Credit card companies
- Advertising
- Police and law makers
- Intermediary liability?
- Site blocking Spain, Italy, New Zealand, Korea, UK

How to Tackle?

- Sports organisations have brought legal actions:
 - UEFA
 - Premier League
 - Formula One
 - Cricket Australia
 - UFC
- Premier League High Court Orders and Injunctions against:

<u>www.freelivefootball.co.uk</u> (Bankruptcy Proceedings; Enforcement of Order issues); <u>www.youtube.com</u> (with French Tennis Federation)

- Cricket Australia/Multi Sport <u>www.livecricket/sporton.tv</u>
- Premier League action in Israel http://livefooty.doctor-serv.com & <a href="http://livefooty.docto
- Multi sport action against myP2P.eu
- Iraqgoals.net in Australia
- US website domain name seizures

Positive Developments

- NetResult send C&Ds in Chinese and work at weekend with sites to remove links e.g. SopCast
- Legal action expensive and timely
- PL met Chinese officials
- SROC written to Chinese Ambassador
- SARFT Regulations
- US Coalition Against Online Video Piracy
- EU IPR2/China IP dialogue acknowledged "online piracy of sports events"
- Working with NCAC / SCIO

- Unauthorised Premier League and French Tennis Federation clips on www.youtube.com
- Damage to licensees with live, delayed and internet clip rights
- Google declined to bid for Premier League rights
- May 2007 class action in New York's Southern District Court
- Additional members joined who had not done deals with YT
- Over 30,000 Premier League clips removed

- Slow takedown and inconsistent procedure
- Lack of filtering or availability of filtering
- "Private" sharing
- Embedding links
- Numerous complaints from licensees
- Masses of views dilutes their rights value

- Recent court filings have included documents showing that:
 - YouTube's founders intended to exploit unlicensed sports content: "take down XXX stuff. Everything else keep including sports..."
 - Before acquiring YouTube, Google execs knew that "YouTube's business model is completely sustained by pirated content"
 - Internal analyses of YouTube concluded that 60%-80% of videos were copyrighted, and that there was "enormous user demand for premium content"

- YouTube/Google studied Premier League and other infringing sports content on YouTube in advance of bidding for licences:
 - Premier League was "already proven as key programming based on [Google Video] and [YouTube] popular videos/usage."
 - Google exec will "be attending a seminar...in Dublin with the heads of several major sports leagues and teams [...] takedown any clearly infringing, official broadcast footage [...] from these rights holders"
 - "we need more sports inventory to monetize."

- The DMCA "safe harbor" protects only innocent, passive ISPs from infringement liability. Plaintiffs, including Premier League, allege YouTube is disqualified because:
 - It knew the content on its site was infringing
 - It used tools to identify and monetize content, but refused to use the same tools to block infringements
 - It benefitted from infringements because:
 - 1) it knew infringements were a substantial draw for users
 - 2) it associated context-specific ads with infringing content, including sports content (e.g., sports ads next to user searches for "Premier League" or "Roland Garros")
 - It does not merely "store" user content, but actively markets, promotes and distributes the infringing content on its site

- The District Court Decision
 - The district court ruling: YouTube is entitled to safe harbor protection under § 512(c) of the DMCA against all infringement claims
 - Effectively held that if YouTube complies with "takedown notices" from content owners, it will be protected by the safe harbor no matter how egregious and deliberate its efforts to profit from infringements.
 - Court held that only "item-specific" knowledge by YouTube of particular, individual infringing videos was actionable

- Arguments on Appeal
 - "Item-specific" requirement nowhere found in statute; instead, statute expressly contemplates various types of knowledge and other culpable conduct, including control over infringing acts for which there is no "knowledge" requirement.
 - District court ignored considerable record evidence showing that YouTube:

Searched for Premier League content to gain leverage in licensing negotiations, but when it decided not to bid for the rights, still chose to keep the Premier League content on its site; and

Located and ran targeted advertisements directly next to Premier League's and co-plaintiffs videos; and

Refused to make content identification tools available to plaintiffs unless they signed a licensing deal, and used those tools to profit from plaintiffs' unauthorised content.

Timeline on Appeal

- Appeal was filed on August 12, 2010, two days after final judgment in the district court
- Appeal brief was submitted on December 3, 2010; over 15 "friend of the court" briefs were submitted in support of our position, including from SROC, The Associated Press, and the NFL; CBS; the Motion Picture Association of American; music rights associations ASCAP, BMI and SESAC; the Business Software Alliance; and leading American intellectual property professors
- YouTube's opposing brief was submitted on March 31, 2011;
 approximately 10 "friend of the court" briefs were submitted in support of YouTube's position
- Reply brief for Premier League and co-plaintiffs is due April 28, 2011

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The "Google" Problem





YouTube:

Free to use & anonymous. Users can upload goal/match highlights within minutes of an event. Also allows users to promote infringing sites.



Blogger:

Free to use & anonymous. Users can embed YouTube clips and clips from other UGC sites. Users can also embed P2P streams.



Google Checkout:

Online payment service often used by streaming sites to sell illegal streams/events.



Google AdSense:

Matches advertising on sites, to other sites. For example; a sports news site using AdSense may contain Google Ads referring to sport streaming sites.



Google AdWords:

Advertising on Google's main search pages. Advertisements appear dependent on search terms. For example a search on "Live Football" could return Ads for streaming sites.

Blogspot



Digiturk Approach

15:08:29 03/11/2008



OECD

- OECD case study into digital (online) piracy Phase II
- Raise issue of sports piracy general description, different forms, types, drivers and trends, industry initiatives
- 27 sports signed up via Sports Rights Owners Coalition including US Sports
- Need for more effective policy and enforcement mechanisms to address digital piracy, both in OECD member countries and on a global basis
- Background Report highlighting issue circulated/publicised and provided to OECD Governments and legislatures
- 2011 updated Report <u>www.sroc.info</u>

Important Stakeholders

- Broadcasters ACT, Television Against Piracy, FTA/PTV
- US Coalition Against Online Piracy
- STOP (Scandinavia)
- Cable and Satellite Broadcasting Association of Asia
- UK Intellectual Property Office
- USTR and Homeland Security/IPR Centre
- European Commission
- WIPO
- Other creative industries
- Alliance Against IP Theft
- CBI
- NCAC/SCIO

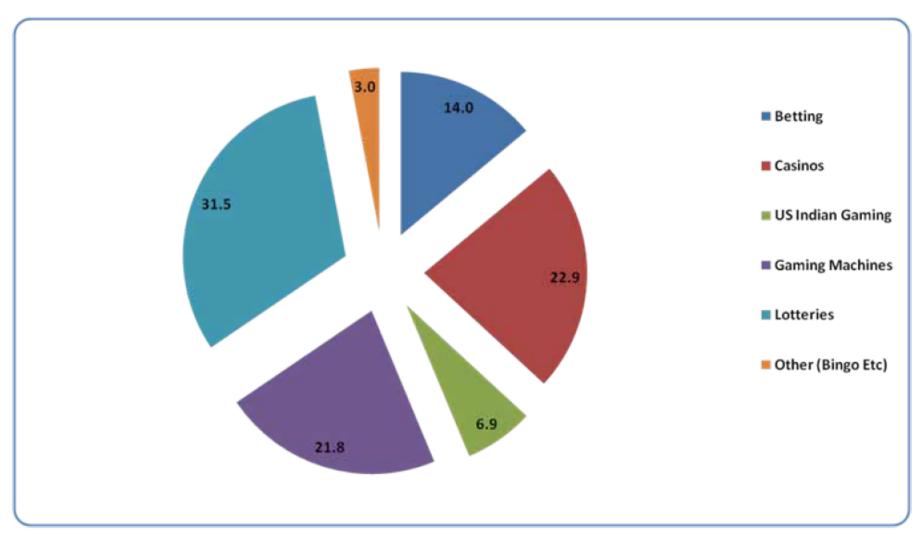
Sport and Betting

The Sports Betting Environment

- Betting on sports is at an all-time high and still growing
- Differing cultural approaches by regulatory regimes throughout the EU/World: National/International
- The market is changing
- Other sports are challenging horseracing's position as largest sport betting market: Football is over half the online market (UK)
- Technological advances, innovation and new betting products (exchanges, in-event bets, exotic bets etc) have led to significant income for gambling businesses – global market, national responses
- Live sport is betting's most compelling proposition
- Geographical nature of betting is changing

Global Gambling Market

Total Global Market Share by Product (%) 2009



On-line/ Mobile Betting in GROWTH

- The first internet bet was placed on 17-Jan-1996 by Jukka Honkavaara for US\$50 on a football match between Spurs v Hereford Utd with a company called Intertops using software designed in Sweden.
- UK leagues received their first licensing revenue for on-line betting in 2001-02
- Football is <u>still</u> the most popular sport betting product on the internet, 15 years later...
- In-game betting is now the most popular on-line sport betting product

2009 Bwin reported 55% of gross win came from in-game betting

Licensed by UK	31-Mar-2009	31-Mar-2010	% Change
General Betting	72	73	1%
Telephone Betting	40	41	2%
Pool Betting	42	53	26%



Amount Generated for Sport - Lottery

2004-07 Olympic Cycle €m	Total Lottery Sales	Total Lottery Funding to Sport	Total % Lottery Sales to Sport
1. France	34,983	1,388.1	3.8
2. UK	24,599	1,115.8	4.5
3. Denmark	3,552.7	571.3	16.1
4. Norway	4,521.7	569.7	12.6
5. Sweden	5,814.9	375.4	6.5
6. Finland	3,899.9	372.2	9.5
7. Netherlands	5,432.1	369.3	6.7
8. Germany	37,735.5	214.2	0.6
9. Austria	6,917.7	202	2.9
10. Czech Republic	1,282.9	142.8	11.1
11. Hungary	1,990.1	67.7	3.4
12. Greece	10,425.6	21.2	0.2
		5,403.7	3.8

Source: EGBA/Sportsbusiness/H2GC 2008

What about the EU?

Article 63: EC/States to legislate to protect IP/copyright

including "spin offs" (eg betting) and to stop

"unlawful sports betting"

Article 69: EC/States to strengthen further IP in sports sector

Article 70 : WIPO to act vs piracy

 Article 78: EC to help maintain income from Lotteries and licensed gambling

Article 80 & 81: Concern about deregulation in gambling
 EC/States to regulate to protect sport from
 improper influence from betting – <u>call for study</u>

 Green Paper on Online Gambling: Commission has recognised the importance of protecting the integrity of sporting competitions and of ensuring a sustainable financing of sports

Sport's Response

 Common Declaration of the European Horseracing Organisation, Brussels, 6 March 2008

Call the European Parliament, the Council and the Commission, to recognise urgently the need for a clear and coherent legal and regulatory framework, guaranteeing:

- A fair return from betting to the racing on which it is promoted or offered;
- The protection of the future integrity of the sport
- We call on the European Commission to develop a policy to achieve this, in consultation with the European horseracing organisations
- It is necessary that, in conformity with the principle of subsidiarity, Member States have a European legal framework on betting, which will allow them to exercise their own competence in conformity with EU law
- "Polluter pays principle"
- Aim of SROC right of fair return (with integrity element)
- International Olympic Committee

Solutions

- Ireland (Horseracing)
- Australia (Victoria) Gambling & Racing Legislation Amendment Bill
- United States Bill for an Internet Gambling Regulation
 & Enforcement Act has been deliberated in the US
 Congress
- Japan voluntary schemes
- New Zealand 1% betting turnover
- France

Integrity

- The concept of sport is based on fair competition between participants played to agreed rules
- Those who fix matches and sports events undermine the founding principle of sport – that all parties are competing to win
- Promoting and upholding integrity in sport is one of the key functions of all sports governing bodies and event organisers
- There is growing recognition that sports betting integrity is an issue, by governments and legitimate betting operators
- There is no regulatory framework in Europe to protect sports and legitimate betting operators

Sports Lobbying

- Football pools a long-standing betting income for sport 2004 ECJ judgement came just as sport was seeing the potential income to be had from growth of sports betting online and in-play
- France, Australia and others have introduced versions of sports betting rights/relationships
- Governments looking for funding streams as lotteries under pressure; EC Sports Review
- Sport has mobilised several campaign groups to progress issue: SROC, IOC, 5 sports and Sport and Recreation Alliance
- SROC mission statement: SROC members are looking to National Governments and international Treaty organisations such as the European Union, WTO and WIPO to create a regime for sports betting that enables sport to protect its integrity and establishes a fair return to sports for the use of their product by betting operators
- IOC policy statement on sports betting: It is recommended to develop collaboration with public authorities (national and regional Governments) and their agencies to promote legislation and public policies which Contribute to preserving the integrity of sport and to fight against corruption in sport; and Ensure a fair return from betting operators, not only for the organisers of sports event but also more generally for the development of the sport
- DCMS 2008/9 attempts to broker voluntary arrangements rejected by betting operators
- Sports lobbying Ministers not settled policy; N.B. 2012 Association Right application

France

- New system to enable limited online market opening the licensing of the "right to offer bets" on sporting events taking place in France.
 Implemented as part of the new French online gambling law in May 2010
- Treated as a specific right under French law, to prevent or authorise the commercialisation of sporting events
- Bookmakers must enter into a licence with the organiser of the applicable sporting competition
- Sports able to charge a fee based on a percentage of the stakes taken by the operators on their events; Government grass roots levy
- ARJEL
- Site blocking/ISP liability

Are the Risks Real?

- Recent evidence of attacks on sport connected with betting
- Racing's Experience
- Men's Tennis : review by BHA Director completed
- "Say it ain't so Joe"
- IAAF Athletics
- Cycling
- Malaysian national football coach
- Recent football match-fixing transgressions in the Netherlands, Finland, Italy, Belgium, Czech Republic, Spain, Poland, Turkey, Thailand, Hong Kong, Singapore....
- Cricket
- Norwich v Derby
-Basic Human (Criminal) Behaviour......

•	Other states currently engaged in revising or considering on-line gambling are:
	- Austria
	– Belgium
	- Denmark
	- Estonia
	- Germany
	- Greece
	– Italy
	 Netherlands
	 Norway
	Portugal
	- Spain
	- Sweden

Partnership Working and Information Sharing

- Information sharing arrangements with the betting industry
- Gambling Commission (Licence Condition 15)
- Liaison with other agencies to help tackle potential corruptors from outside the sport (eg. Police, Revenue Authorities)
- Liaison with participants and associations
- Offshore companies outwith LC15
- Reliant on MOUs
- Sports looking at Rule structure

UK

- Sports Betting Integrity Group
- Integrity Seminar
- Tri-partite meetings with GC and operators
- Overseas Review
- Voluntary.....

Contact Details

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