

Building a framework for a content everywhere reality: **Taking rights protection to the next level**

**Building a framework for a content everywhere reality:  
Taking rights protection to the next level**

***CHECK AGAINST DELIVERY***

**SPEECH from JEAN GRENIER  
PRESIDENT of AEPOC**

**10 YEARS ON THE PIRACY FRONTLINE**

AEPOC is celebrating today its 10th anniversary.

In the media and telecommunication business 120 months mean much more than two or three decades in other areas.

This is definitely the fastest and probably most complex business of the world and we all AEPOC Members are proud to have been on the frontline for its most important battle: the fierce struggle against piracy and its dangerous detrimental effects.

The protection of contents, jointly with the growth of telecommunication capacity and digitalisation, gave the possibility to reach targeted audiences.

This offered and will offer for the future new and unprecedented possibilities to the Industry as well as to Consumers.

In the early days, after the Second World War, European television was terrestrial, analogue, and funded by public money. At the beginning, Public Broadcasters were the only operators, and only after several years Commercial Television started its development. Pay-TV arrived much later, adding subscription fees to the revenues coming from the advertising.

Satellites not only allowed people to receive, in real-time, sounds, images and voices from anywhere in the world but also gave a new dimension to television broadcasters.

At the beginning television was mainly a nation-based reality, thanks to satellite we saw a rapid evolution to a cross boarder environment: live coverage for news, coordinated advertising campaigns, worldwide trends and social phenomena.

But after this evolution, a real revolution took place: digital direct-to-home satellite transmissions.

It gave several big advantages due to the better efficiency of the transmission spectrum: less costs for broadcasters, multiplication of channels, change in the way television was financed. A strong support was given by satellite to the growth and development of pay television subscriber bases across all the European Countries.

Moreover, thanks to pay-per-view offers, we can say that it is certainly very fair to be billed only for content actually seen and not just accordingly to fixed monthly subscription fees as it was in the past.

Let us consider the great opportunity for people to access a large amount of content, even niche content, which suits their varied interests. This means having the opportunity to be free to decide what to see, where to see it and when.

“HIGH DEFINITION IS INTRODUCING A FURTHER SUCCESS FACTOR IN THE AUDIOVISUAL SCENARIO, IT MUST BE PROPERLY HANDLED AND SECURED”

Again, a new frontier is forthcoming: high definition. Both in digital terrestrial, but first of all via satellite, the fantastic quality of images and sounds shall not only reward consumers but also create the ground for another enhancement of technology. Large screens will more and more increase their penetration making possible first class home audiovisual entertainment.

Indeed we should not forget that satellite broadcasting was introduced some 20 years ago into an already developed audiovisual system, which was already well organised and structured with regard to copyright and to the private and public obligations of broadcasters.

For this reason it was necessary to adopt measures in order to make satellite transmissions compatible with the existing scenario.

This was necessary, not only because of country-based copyright segmentation, but also because of other cross border problems, existing even within the European Union, of a not completely harmonised legal framework for television.

Minors' protection rules, advertising shares and programming quotas are only a few of the issues having a different regulation in different countries.

Conditional access was the solution. Thanks to conditional access all the potential of satellite broadcasting can be used with 'esprit de finesse'.

Conditional access made possible reaching targeted audiences without prejudice for the stability of the whole audiovisual system. Of course the same approach and strategy to target is to be applied, and shall be applied, to the new enterprises operating in digital terrestrial.

Not only this: the digital satellite pay-tv market could grow rapidly and create fantastic business opportunities.

“CONDITIONAL ACCESS WAS FUNDAMENTAL IN ENABLING SATELLITE BROADCAST SERVICES AND DIGITAL GROWTH”

Pay-TV services faced often, and still face today, many obstacles in their development due to the piracy phenomenon. The only way to fight this threat was the creation and development of Conditional Access Systems.

This technical solution permits access to electronically transmitted, encrypted content so that services can be controlled and provided securely, whilst determining whether to grant access to all users or to certain categories.

The most widespread use of conditional access systems is the utilisation by Pay-TV operators of a decoder and smart card, where the subscriber is provided with a personal authorised smart card enabling the decoding of the channels which have been subscribed for.

A recent development of this system concerns pre-paid pay-per-view, where the decoder, linked by means of a telephone line, connects to the relevant channel by means of a prepaid card which has been

authorised by various digital terrestrial Pay-TV operators, in order to allow the viewing of a single programme (usually a football match), without the need to take a subscription with any operator.

In addition to making possible a commercial activity involving Pay-TV, encryption and conditional access systems are used by content providers to exercise their right to authorise the viewing of programmes in certain territories or to certain categories of viewers.

“OUR EXPERIENCE SHOWS A DIRECT LINK BETWEEN LEVEL OF PROTECTION AGAINST PIRACY AND GROWTH OF INNOVATIVE SERVICES”

It is interesting to note, for example, what happened in France. In France, Pay-TV activities started with the operator Canal+, which in the early years transmitted in an encrypted form using terrestrial frequencies in analogue format, but soon faced the problem of illegal activities caused by the violation of its system, and the commercialisation of counterfeited decoders which undermined the development of business from the start.

I would like to remark that, precisely as a result of these evident problems of illegal activity, we see in France the enacting of the first legislation in the world protecting conditional access, which in fact permitted this emerging market to develop in a major way, allowing the sector to move from the analogue to the digital, and encouraging the development of competition (at the beginning of the 1990's we see the emergence of three rival platforms to Canal+ terrestrial channels: CanalSatellite, TPS and AB Sat).

In fact, Legislation no. 86-1067 of 30th September 1986, regarding freedom of communication, already provides for legal sanctions for the violation of conditional access systems.

The experience and the success of Pay-TV in the United Kingdom is also another important milestone into the encompassing reality of the European market. Strong and effective legislation against piracy is certainly a key factor for a proper development of all the different sectors of the overall Audiovisual System.

In the UK we can see how, without the market distortions due to piracy, both theatres and home-video, both television and internet, have proven to be all together experiencing a common growth.

The European Commission, conscious of the importance of such systems for the protection of the emerging digital television via satellite, launched a consultation in 1994 (White Paper on Conditional Access) which laid the basis for the presentation of a proposal for a directive approved in 1998 (98/84/EC).

In many countries it was in fact the Directive of 1998 which imposed the introduction of specific norms for such violations.

In Italy, before the adoption of Directive 98/84/EC, the operators were obliged to refer to often technically fragile interpretations of parallel and neighbouring rules, in particular reference was made, with unsatisfactory results, to sections of the criminal code regarding matters of copyright or protection of telephonic and informatics communications.

There was often no follow-up to the seizure of a large number of pirate decoders, thus rendering useless the work which had been carried out by the Guardia di Finanza and by the newly-formed Polizia delle Telecomunicazioni (formerly Polizia Postale). The ban on wide interpretations in criminal matters, in fact, rendered it impossible on most occasions to fight the growing phenomenon of piracy of decoders and

smart cards, with severe damages resulting not only to Pay-TV channels which were viewed illegally, but also to other operators in the audiovisual industry.

For this reason, in Italy, as in many other countries, the harmonisation role of Directive 98/84/EC of the European Parliament and of the Council of 20th November 1988, on the legal protection of services based on, and consisting of, conditional access and the protection of television and radio transmissions, was extremely important.

“CONDITIONAL ACCESS AND DIGITAL RIGHTS MANAGERMENTS ARE BOTH AND TOGETHER ESSENTIAL IN ENABLING A REAL GROWTH IN THE PAY-MEDIA SECTOR”.

The sparkling slogan any content, at any time, on any device and anywhere means first of all that Conditional Access Systems and Digital Rights Management will be co-operating more and more closely In the future.

10 years ago piracy was one of the several issues to think about for the economical and technological growth, today piracy must be the first issue to be considered in order to put the bases for a the development of new efficient models of business.

This means “taking rights protection to the next level”.

We are now celebrating AEPOC’s 10th Anniversary, and we see how the role of adequate legal protection at international level marching at the same speed of technological innovation becomes crucial for any enterprise in the media sector.

AEPOC will always be there, for deeply studying the piracy phenomenon; diffusing the AEPOC Code of Ethics and Good Practice signed in Bratislava in June 2004, as well as continuing developing new best practices for the operators; working closely with the European and International Institutions in order to have a regulation that doesn't stop the progress but enables growth, avoiding at the same time false steps and distortions.

There is still a lot of work to do, but I strongly believe that in these 10 years we have moved in the right direction. That's why we are now ready for the next level.

Jean Grenier

AEPOC President

Geneva, 29 January 2007