



DRM, Interoperability and the Consumer

Preamble

- An important public and very heated debate
- The formation of an alliance between the general public and performers
- The proposal of a « Global License » i.e. a user fee hiding in each high speed connection is associated with the legalization of non-commercial exchanges between individuals



- A dispute over the use of DRM (in particular for the music industry)

Explanation in Five Points

1- A certain hypocrisy

Is DRM a neutral tool/instrument which helps performers?

2-Take into account the use by consumers

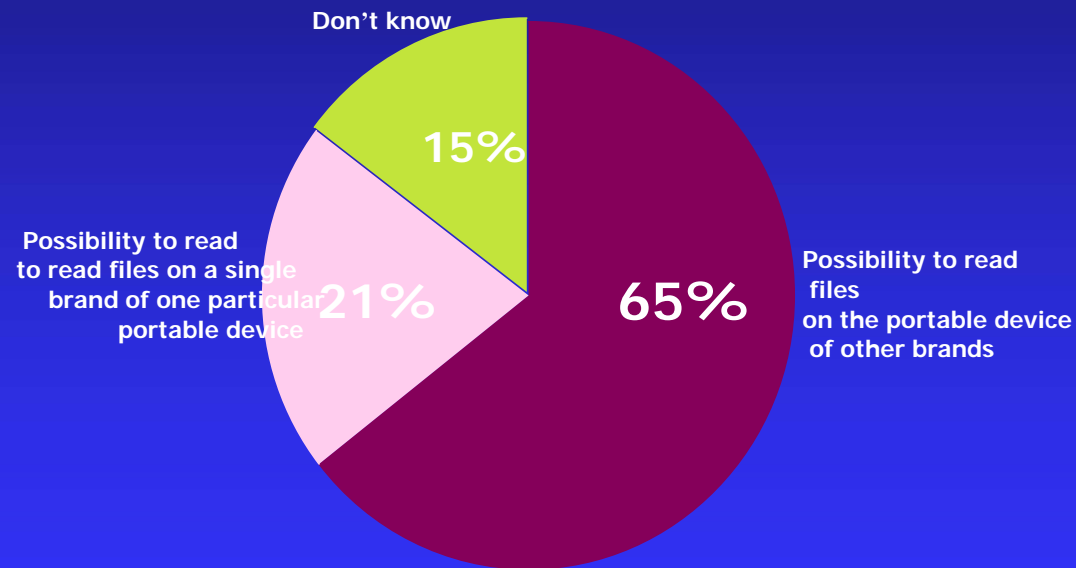
(Study realized in February 2007)



Equipment used to listen to music files

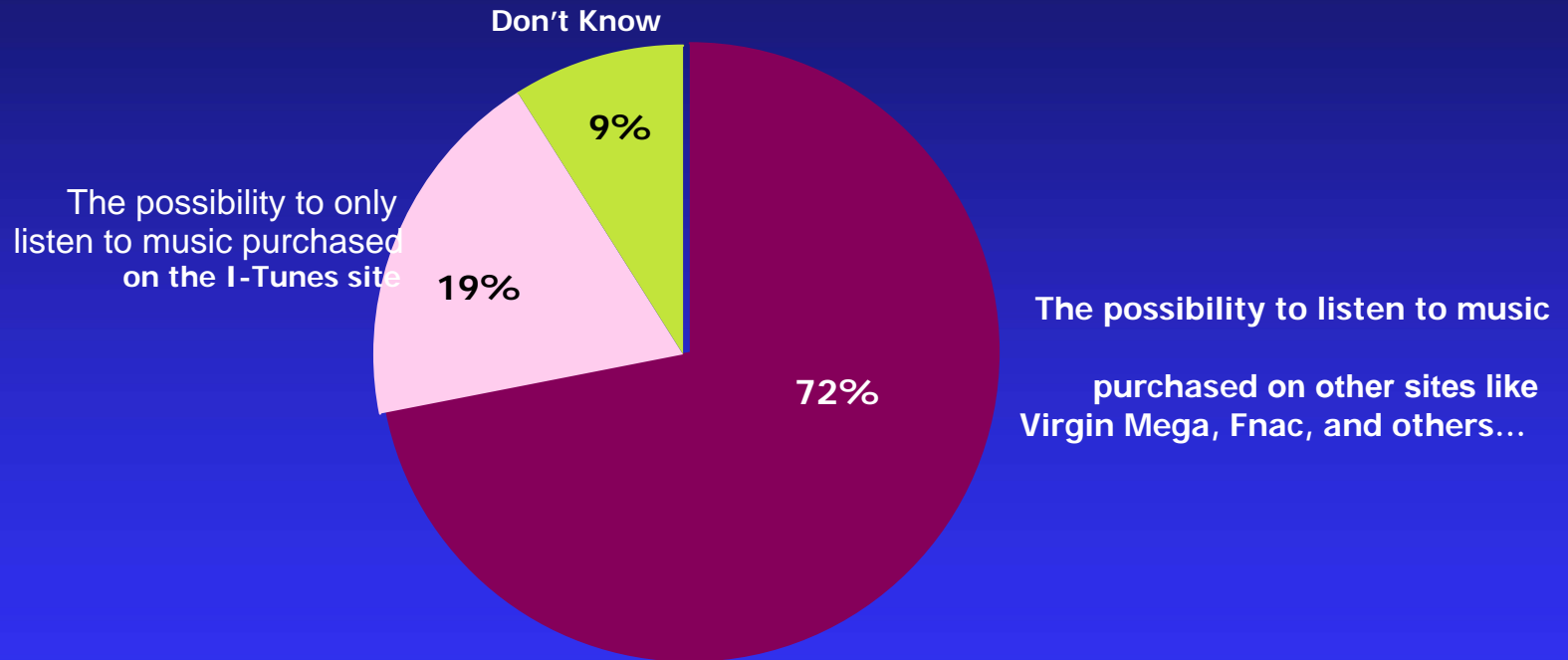


The possibility to read on portable devices of different brands (Buyers on I-Tune)





With an I-Pod it is possible to...:
(owner of an I-Pod)





The importance of the ability to read on several brands of portable devices (in general)

Total Sample
1-A

**Buyers of music
on I-Tunes**
2-A

Basis (those questioned) - Results in %

Totally Important
Very Important
Of medium importance

803
92
71
5

384
91
67
6

UFC-Que Choisir/Sony:

- The judge condemned Sony for fraud and
« vente liée illicite »

but

- Take away the DRM: the judge did not
favour for consumer's right against the right
to intellectual property



3-Interoperability and Switching Cost

The absence of interoperability brings:

- Direct Costs (the purchase of new software, equipment, and the loss of old files under the old DRM format...)
- Indirect Costs (the cost of learning...)



4- Freedom of Exchange and Value Creation

- Do not limit the internet to be just a distribution channel
- Take into account exchanges between individuals in the process of innovation and the creation of value
- The restriction of these exchanges (DRM) can diminish global well-being



5- The Risk of Concentration and Segmentation of Culture

- Strategy of alliances between the information industry and the content (entertainment) industry.
- Eviction of independent producers or those not affiliated with information groups. The increase of concentration.
- The formation of technical enclosures but also cultural ones.