

INTELLECTUAL PROPERTY THEFT: A THREAT TO WORKING PEOPLE AND THE ECONOMY

Creative industries - including motion picture, television, theater and music - directly employ millions of Americans, bolster local economies and generate substantial export revenues. The professionals who imagine, develop, design, and give life to creative content depend on strong copyright protections appropriate for today's digital age to ensure fair pay and benefits.

Stolen or otherwise illegitimate content undermines the value of creative professionals' work and threatens their hard-won pay and benefits. The theft of copyrighted films, television shows, recorded music and live performances of any type costs the American economy billions of dollars every year. And in today's digital age, creative works are now able to be stolen and transmitted illegally at rapid speeds and in ever increasing quantities. That's why our nation needs strong, 21st century copyright protections for creative professionals.

The Economic Engine of Creative Industries

Copyright-protected creative industries power local economies across the United States, contributing more than \$1.2 trillion to the nation's gross domestic product every year. These industries directly employ over 5.5 million people, many in good union jobs with family-sustaining wages.¹

	Core Copyright Industries	Total U.S. Economy
Economic Growth, 2012-2015	4.81% ²	2.11% ³
Trade Balance, 2017	\$34.94 billion ⁴	-\$469.142 billion ⁵

A Diversity of Occupations

The creative workforce consists of millions of people working in many different middle-class occupations, both in front and behind the camera, on and off stage.^{6 7 8} These creative professionals rely on copyright protections and royalty or residual payments to make a living, provide healthcare for their families, and retire with security.

"When our work is stolen, we've been robbed of our living. We are artists, but we are also working people who depend on the intellectual property that we create to pay for our homes, families, health care, and more."

- Marc Sazer, Violinist and American Federation of Musicians Local 47 member

2.1 million people work in motion picture and television production



including actors, animators, assistant directors, assistant producers, boom operators, camera operators, casting directors, gaffers, grips, musicians, screenwriters, script supervisors, special effects coordinators, and others.

1.9 million people work in live and recorded music

including arrangers, audio engineers, backup singers, editors, lighting technicians, mixers, session artists, song writers, stage managers, and others.



126,000 people work in live theater and other performing arts



including actors, choreographers, dancers, makeup artists, musicians, scenic artists, set designers, sound technicians, stage managers, stagehands, ushers, and others.

Through their unions, creative professionals have secured their rights as a largely freelance workforce, ensuring they are able to succeed alongside the industry as a whole. Indeed, through collective bargaining, creative professionals and their unions have won wages that outpace working professionals in other parts of the economy.

Unions representing professionals across the entertainment industries include Actors' Equity Association, the American Federation of Musicians, the American Guild of Musical Artists, the American Guild of Variety Artists, the Directors Guild of America, the Guild of Italian American Actors, the International Alliance of Theatrical Stage Employees, Motion Picture Technicians, Artists and Allied Crafts, The International Brotherhood of Electrical Workers, the Office and Professional Employees International Union, SAG-AFTRA, the Stage Directors and Choreographers Society and the Writers Guild of America, East.

“Jobs in the entertainment industry are made possible because of strong copyright laws. Professional performers, directors, electricians, production drivers, stage hands, wardrobe designers, writers and others have good union jobs and health care because consumers pay to see their work.”

- Gabrielle Carteris, SAG-AFTRA President

Intellectual Property Theft Continues to Grow

Because current copyright policy fails to match the realities of today's digital age, intellectual property theft continues to threaten the economic security of creative professionals. The emergence of new legal paid streaming services such as Netflix, Hulu and Spotify has not reduced the scourge of digital theft; data indicates this type of theft is more popular than ever.

- Globally, the digital theft of music, television, film, software and other published works rose 1.6 percent over 2017, facilitated by over 300 billion visits to illegitimate websites worldwide.⁹
 - The United States topped the list of countries with the most visits to these websites, followed by Russia, India, Brazil, Turkey and Japan.
- Demand for illegally accessed music increased dramatically in 2017, increasing 14.7 percent from 2016 to 73.9 web visits.¹⁰
- Worldwide, 9.4 billion movies and television shows were illegally downloaded using peer-to-peer software in 2017, including 542 million downloads from the United States. Additionally, there were 22.9 billion worldwide visits to illegal film and television streaming websites worldwide during 2017 alone.¹¹

New forms of digital theft, including streamripping, are powering the growth of intellectual property theft. Illicit streaming websites are able to take advantage of the popularity of legal platforms to more easily distribute their illegal content, which is often stolen directly from legal platforms and disguised to look legitimate. While some websites offering the means to “rip” legal content have been shut down (such as youtube-mp3.com), more continue to be developed to take its place. And because streamripping sites are compatible with mobile devices in a way that peer-to-peer and the other “file sharing” mechanisms were not, online copyright crime is poised to continue growing as consumers rely more and more on mobile devices.

Digital Theft Replaces Legitimate Sales

In 2012, the U.S. Department of Justice shutdown the website Megaupload, which hosted large volumes of stolen movies, television shows and music, and the site's owners were arrested and indicted on multiple charges of copyright infringement. Prior to its shutdown, Megaupload was estimated to have been the Internet's 13th largest website.¹² In the months following the website's removal, legitimate digital movie sales revenue increased between 6.5% and 8.5%.¹³

Furthermore, the illegal distribution of films prior to their theatrical release has been shown to cause a 19.1% decrease in box-office revenue compared to films that only experienced post-release theft.¹⁴

The music industry is particularly susceptible to the harm caused by illicit downloading and ripping. For every 100 illegal downloads of music, 84 legal downloads are displaced.¹⁵

All sectors of the arts and entertainment industry is susceptible to intellectual property theft. Live theater is often “cinecast” in movie theaters to expand the number of people who are able to take in a show. This opens theatrical productions to the same types of theft used to steal major motion pictures. Theatrical productions are also subject to illegally produced video recorded during live performances, stolen copies of sheet music and cast recordings and illegally produced merchandise.

“We make our living off of sheet music. We make our living off of digital music. There are ways to enjoy our music and download our music and purchase our music that supports the artists you love so much.”

- Actor, composer and director Lin-Manuel Miranda

The Damage to Creative Professionals

Digital theft’s impact does not just injure record companies or movie and television production studios. It hurts the millions of Americans who make a living and provide for their families through careers in the creative industries.

Intellectual property theft cuts into the resources available to employ people in the entertainment industry and other copyright-protected industries. While difficult to quantify, one study found that copyright violations and theft in the motion picture, sound recording, software, and video game industries costs 373,375 jobs and \$58 billion in total economic activity.¹⁶

Intellectual property theft also reduces the real earnings of professionals already working in creative industries. When an individual receives credit on a production, they may be entitled to compensation if the material is used beyond its original exhibition. For example, residual payments begin for a credited cast or crew member on a television production “once a show starts re-airing or is released to video/DVD, pay television, broadcast TV, basic cable, or new media.” Other creative professionals, such as recording artists, song writers, and musicians, receive royalties from the sale, distribution and public performance of their creative work.

Other Threats to the Work of Creative Professionals

Outright theft is not the only way that copyright protections have been eroded and the work of creative professionals devalued.

The “value gap” is a term used to describe the growing disparity between the value that services such as YouTube derive from user-uploaded copyrighted content, such as a song uploaded in the background of an amateur video, and the revenue returned to the copyright holders, including musical artists. YouTube is the world’s largest on-demand music service, but it exploits a legal loophole in the Digital Millennium Copyright Act to avoid paying creators fairly for their work that is uploaded illegally by users. Payments to music creators from YouTube are less than 15% of the payments issued by popular streaming services Spotify and Apple Music.¹⁷

Another way copyright protections are being cheapened and creative professionals are cheated is through exploitation of the “fair use” doctrine beyond its intended purposes. The principle of fair use is meant to protect limited and transformative re-use in limited circumstances including criticism, reporting, teaching, scholarship and research. However, a recent court case shows how some for-profit companies stretch the limits of fair use, to the detriment of content creators. In *Fox News Network v. TvEyes, Inc*, the cable news network sued the media monitoring service for distributing copyright-protected content to service subscribers without obtaining the proper licensing. While TV Eyes argued that their service (which costs subscribers \$500 per month) was protected under the fair use exception, the Second Circuit Court of Appeals ruled in favor of Fox in February 2018.¹⁸

“Strong copyright laws have protected the industry that fed me during my career as a below-the-line worker and have allowed me to retire with dignity.”

- John Gates, retired IATSE member

Defending U.S. Jobs and Benefits Requires Combating Theft

Intellectual property theft hurts working people and the entire U.S. economy. In today’s internet era, creative content can be transmitted across borders at speeds and in quantities few could imagine when our nation’s intellectual property protections were originally created.

Strong copyright protections developed with today’s digital age in mind are needed to help ensure fair compensation for the professionals who imagine, develop, design, and give life to creative works that are responsible for supporting more than a trillion dollars in economic activity and millions of jobs.

The Department for Professional Employees, AFL-CIO (DPE) comprises 24 national unions representing over four million people working in professional and technical occupations. DPE’s affiliates represent teachers, physicians, engineers, computer scientists, psychologists, nurses, university professors, actors, technicians, and others in more than 200 professional occupations.

For more information on issues impacting professional and technical employees, please see DPE’s website: www.dpeaflcio.org.

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