

Hadopi,

1 ½ YEAR AFTER THE LAUNCH.

17 months have gone by since the 1st graduated response mail was sent out. The effects, whether on illegal P2P download or on the current state and outlook of online cultural supply, are visible.

Benchmarking studies covering all of the sources available shows a **clear downward trend in illegal P2P downloads**. There is no indication that there has been a massive transfer in forms of use to streaming technologies or direct downloads. It is still too early to gauge the impact of the MegaUpload shutdown in January 2012.

At the same time, **the wide range of legal content offers are gaining visibility and some offers have posted excellent progress**. The labelling system for such offers opens up new opportunities and addresses a real need. Uneven and little-known, legal content offers show great potential for development, and it is important that far-reaching action be widely-undertaken and innovation put to use.

Lastly, the forward-looking studies initiated by Hadopi's Board, both directly and through its Labs, lay down the **foundations for the future of online culture** in the face of the on-going changes, by taking existing efforts into greater depth, or opening up new avenues, transparently and in constant interaction with Internet users.

Hadopi

Haute Autorité pour la diffusion des œuvres
et la protection des droits sur internet

METHODOLOGICAL NOTES

To analyse Hadopi's action is a complex endeavour and one to be undertaken cautiously. Conclusion may vary depending on the method used. A number of "marginal effects" remain difficult, if not impossible to quantify, but are nonetheless not be disregarded.

As regards specifically the impact on illegal downloading via P2P networks, the conclusions that can be drawn about the behaviour of Internet users who have actually received a notice within the graduated response procedure, the observation data collected are compared:

- with the results derived from so-called "user-centric*" methods;
- **with the results derived from so-called "network-centric*" methods;**
- and lastly, with the statements made by Internet users in responding to opinion surveys*.

These observations all reflect a **shared tendency** to move away from this form of illegal downloading, since the graduated response was introduced, substantiating or strengthening a trend first noted several months ago.

* see notes on *Usage Metrics*, p. 7.

ILLEGAL DOWNLOADING CLEARLY ON THE DECLINE IN FRANCE

Analysis of the graduated response procedures over the period from October 2010 to December 2011 shows that:

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* within the timeframe set by law before the following notice is to be issued.

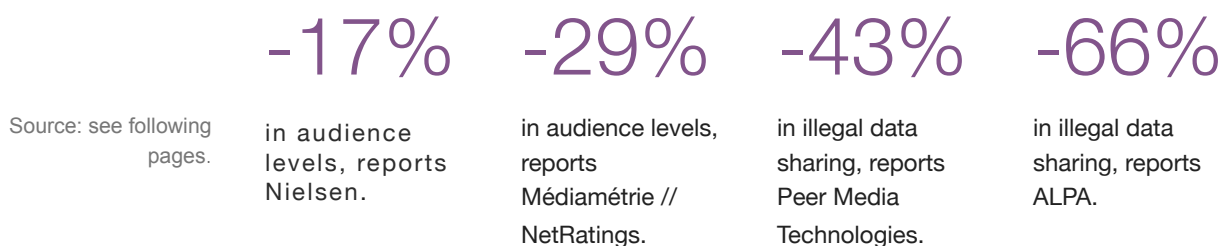
Dialogue with Hadopi consolidates the change in behaviour.

Between October 2010 and December 2011, 65,848 people, having been targeted by the graduated response procedure, contacted Hadopi:



These changes are confirmed by observation data on P2P usage.

In 2011, a wide range of metrics – based on varying methodologies – attests to a drop in P2P and its illegal uses in France.



Mesures « User centric »

Mesures « Network centric »

ILLEGAL DOWNLOADING CLEARLY ON THE DECLINE IN FRANCE

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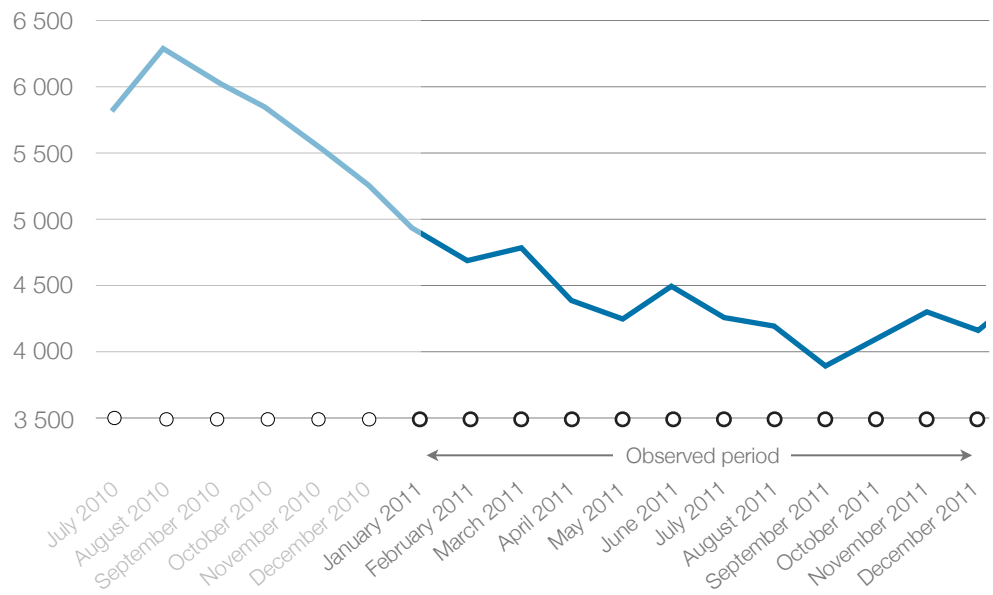
Since the graduated response was first launched in France, many sources concur that P2P use in France steadily declined throughout 2011, percentages varying by source and method used.

Nielsen noted a **drop of approximately 17% in audience levels** en 2011.

Audiences of websites offering links to P2P files and applications

Source: IFPI / Nielsen, "Digital Music Report 2012" January 2012. In thousands of unique visitors.

Total deduplicated audience across approximately 40 P2P services.



Médiamétrie // NetRatings noted a **29% drop in audience to the ecosystems developed around certain P2P clients** in 2011.

Audience levels in 4 P2P ecosystems

Source : Panel Mediametrie // NetRatings. In thousands of unique visitors, all locations and applications included.

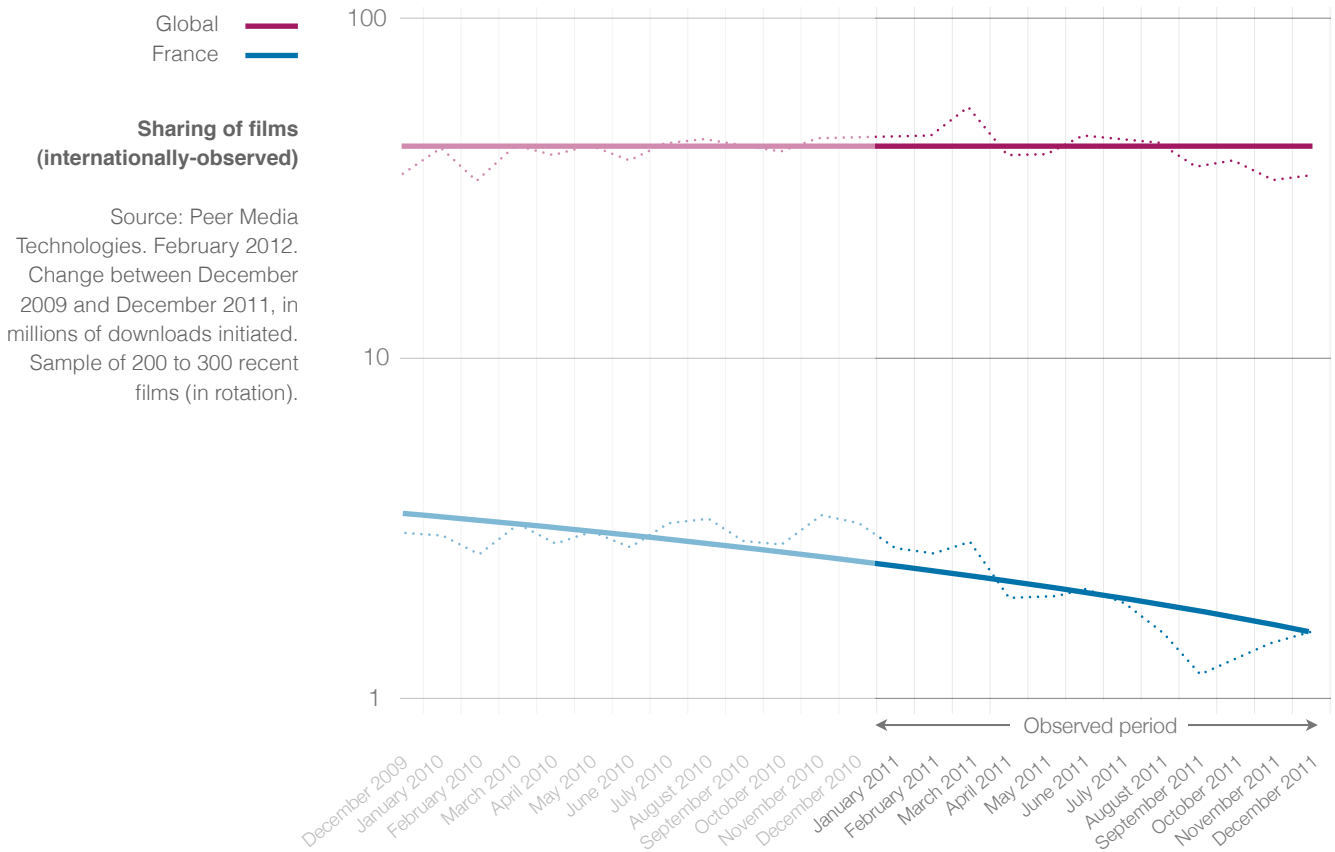
Total deduplicated audience on the 4 P2P ecosystems: µTorrent, BitTorrent, eMule, LimeWire



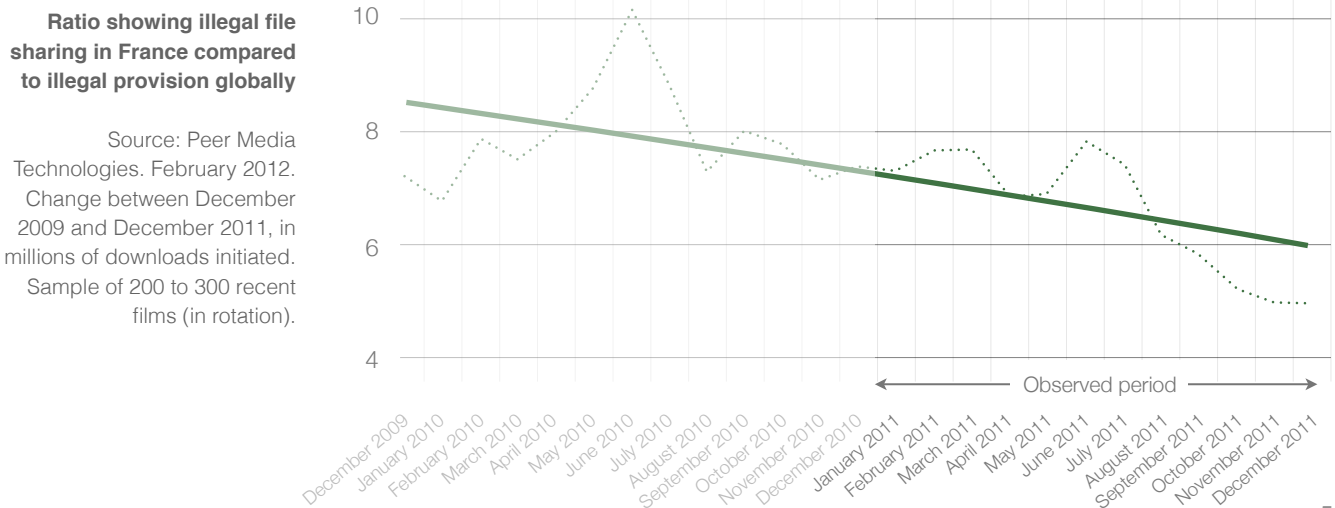
ILLEGAL DOWNLOADING CLEARLY ON THE DECLINE IN FRANCE

These changes are confirmed by observation data on P2P usage.

Peer Media Technologies measured a **drop of approximately 43% in the illegal sharing** of works on P2P networks in France over year 2011.



According to the same source, **in December 2011, France no longer accounted for any more than 4.5% of illegal provision.** In January 2011 France accounted for approximately 6.2% of the total number of files illegally made available on P2P networks at the global level.



ILLEGAL DOWNLOADING CLEARLY ON THE DECLINE IN FRANCE

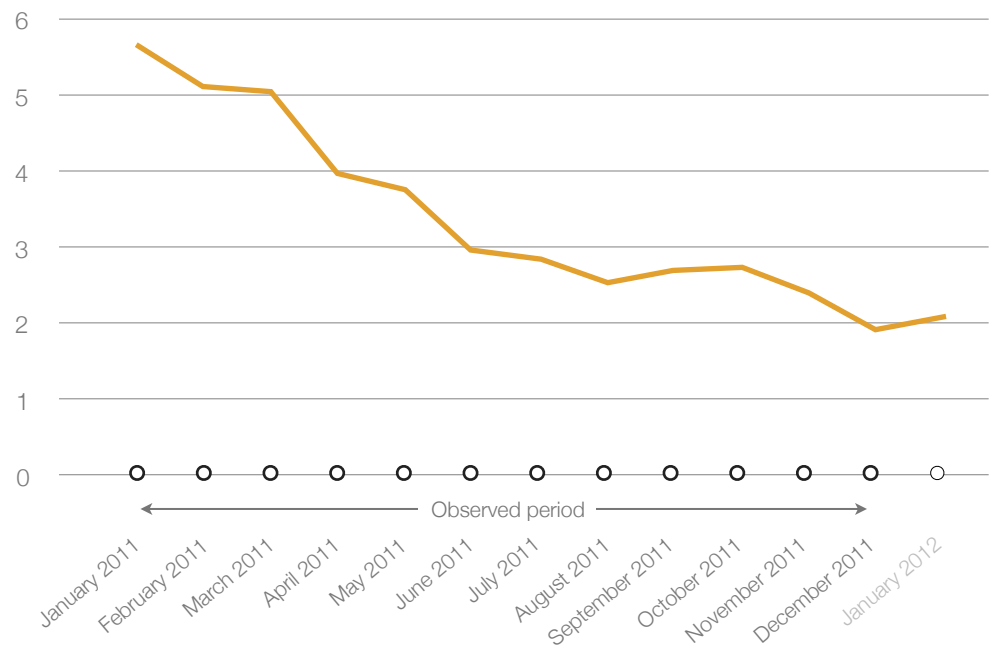
These changes are confirmed by observation data on P2P usage.

Subsequent to the institution of the graduated response system, **ALPA reported a decrease of approximately 66% in the illegal sharing** of films on P2P networks in 2011.

Change in illegal provision of files, based on films most shared on P2P networks

Source : ALPA / TMG. February 2012.
Change in millions of downloads completed. Out of sample of 10 films* (rotating).

* Top 10 films most detected (changes over time).



These observations are consistent with the statements made by Internet users in response to opinion surveys.

(1) Source: Hadopi – barometer survey carried out online, on 1500 Internet users 15 and above, representative national sample.

(2) Source: IPSOS survey. Study carried out online, in November 2011, with 1,380 Internet users ages 15 to 50.

More than 1 out of 3 surveyed

state that Hadopi gives them reason to more regularly consume cultural works via websites that comply with copyright laws. ⁽¹⁾

71%

of peer-to-peer users state that they would stop downloading illegal content if they received a recommendation from Hadopi. ⁽²⁾

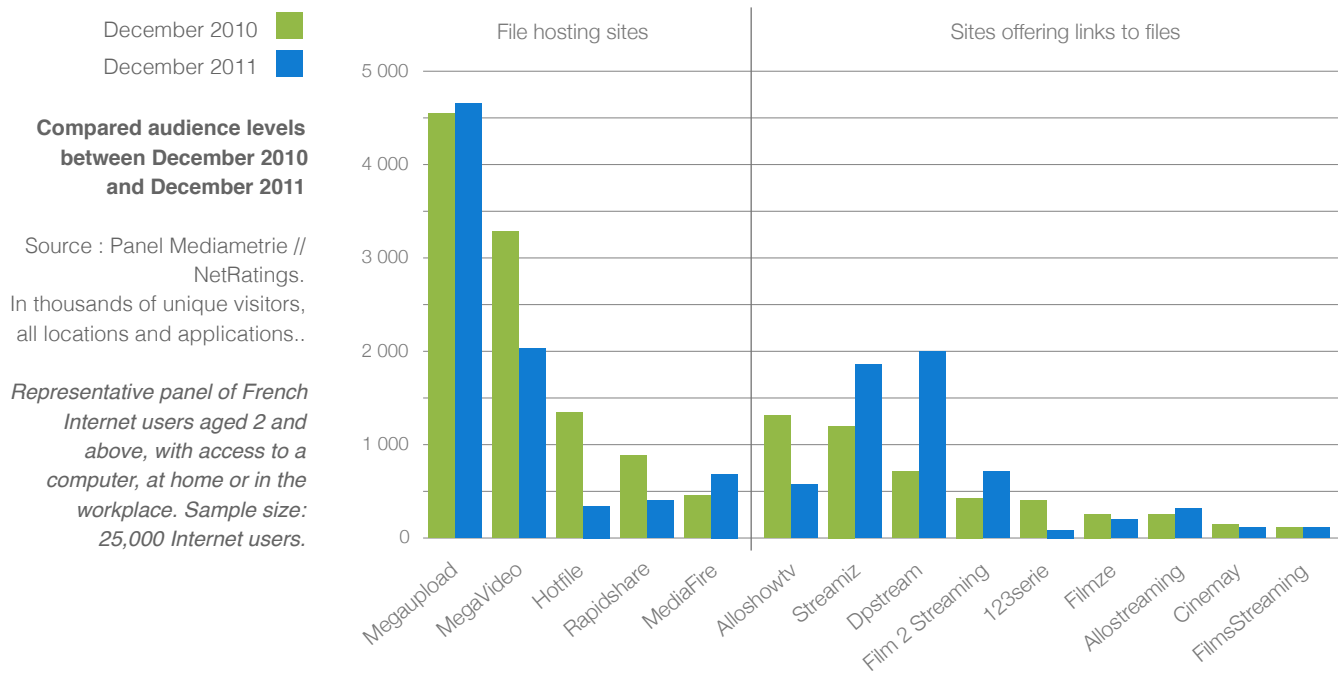
MEGAUPLOAD SHUTDOWN

On 19 January 2012, Megaupload was closed. As yet, there is not enough perspective and data to assert specific changes in Internet users' practices and consumption patterns resulting from this. Nonetheless, it is not to be precluded that some who previously downloaded illegally via P2P will change behaviours following the closure. As the graduated response new information system goes into production, from 1st Quarter 2012, it will become possible to adjust the system to the new environment, should it come to be confirmed.

ILLEGAL DOWNLOADING CLEARLY ON THE DECLINE IN FRANCE

A substantial transfer on streaming and direct download services has not been demonstrated.

Audience measurements on such websites by Médiamétrie// NetRatings in December 2010 and December 2011 seem to show **stability in usage patterns**: while some services enjoy an increase in their audience, others have seen a drop, possibly attesting to a degree of **balance in practices**.



MEASURING USAGE PATTERNS ON THE NETWORKS

Usage measurement on the networks is made complex by a dearth of available data, the variety of methods used and – in certain cases – the impossibility to distinguish between the legal and illegal. Measurements must be taken based on sampling, using either “user-centric” or “network-centric” methods.

User-centric methods

Public surveys, in this method, are used to measure usage, as reported by Internet users in a previously-selected and often representative sample of the population (1,500 people, in general, in studies carried out by Hadopi). It cannot be used to measure actual use with any certainty, as the responses are dependent on participant perceptions of their own practices. Examples include Hadopi, Ipsos, OpinionWay, CSA, etc.

Metering software is a measurement tool voluntarily installed by the members of a given panel, who agree to have their navigation pathways automatically transmitted to the Institute. The software records which sites are viewed, the duration of each visit, etc., most often involving the installation of a toolbar (e.g.: Alexa). Where peer-to-peer is concerned, this method does not make it possible to measure actual downloading, but rather intended use, by tracking the user’s movements through sites that make P2P downloads available via links (example: BitTorrent) or connection to a dedicated application. Advantage: the panel is generally large (25,000 people, in Mediametrie // NetRatings). Examples: Nielsen, Mediametrie // NetRatings, etc.

Network-centric methods

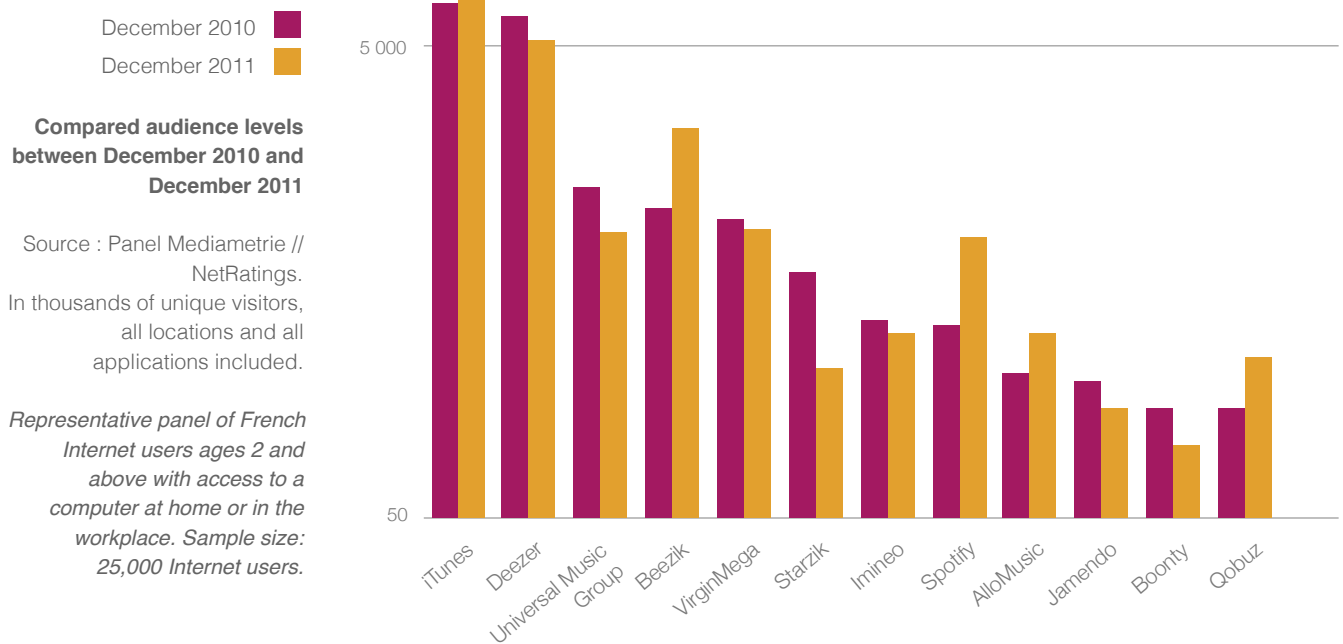
File observation consists of selecting a set of works, and referencing related files available, and observing the number of instances of file sharing on peer-to-peer networks. The sample is generally limited to a few hundred works. This method is not available in non-P2P environments. Examples include TMG, Peer Media Technologies.

Stream volume measurements are used to establish a breakdown on types of use, based on broadband usage. In other words, they make it possible to show the percentage accounted for by one protocol, as compared to others. The method does not, however, make it possible to distinguish the legal from the illegal. Examples include: network operators (ISP’s), technical operators (Cisco, Sandvine, IPoque).

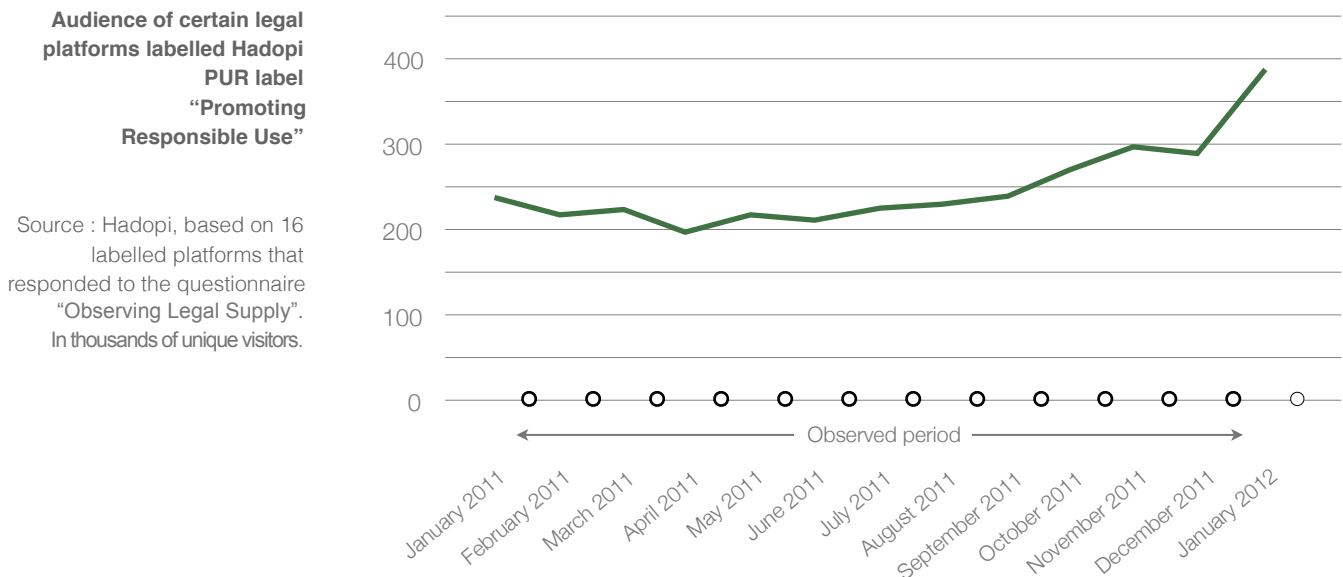
THE ONLINE CULTURAL OFFER IS GAINING IN QUANTITY AND QUALITY

Legal supply platforms are reaching maturity.

Médiametrie // NetRatings audience measurements in December 2010 and December 2011 reflect **general stabilisation in supply**, in which a few **strong surges** can be seen.



In 2011, **PUR-labelled platforms increased by 20%.**



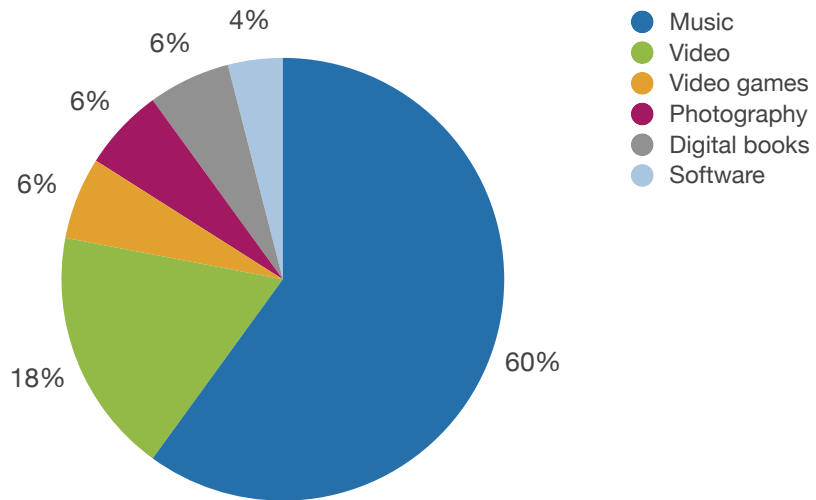
THE ONLINE CULTURAL OFFER IS GAINING IN QUANTITY AND QUALITY

The label has already been granted to some 50 websites covering a wide range of creation and dissemination models.

Over 10 months' time, the label-bearing community has grown to **50 platforms** offering content from **6 cultural sectors** (music, video, video games, software, digital books and images).

Breakdown of labelled platforms by type of cultural good offered

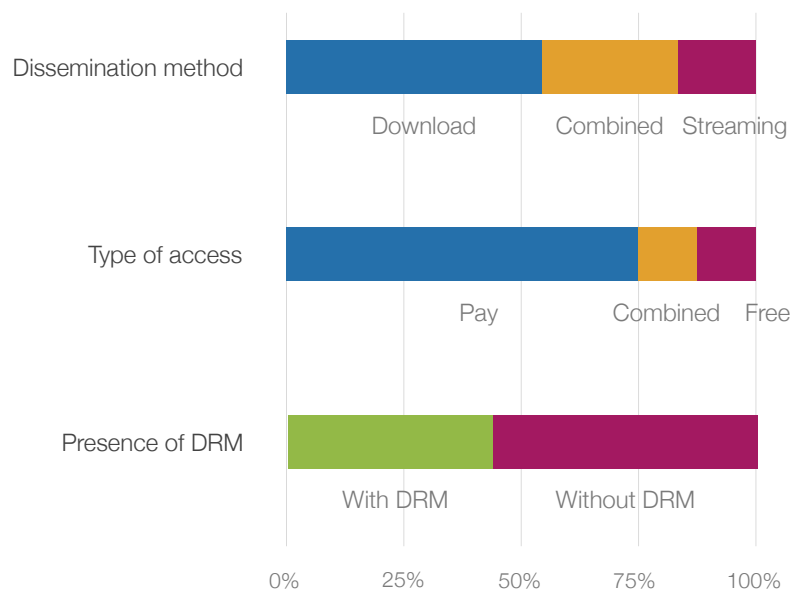
Source : Hadopi.
PUR labelling - "Promoting Responsible Use".



All content dissemination and access methods are included.

Characteristics of PUR-labelled "Promoting Responsible Use" platforms

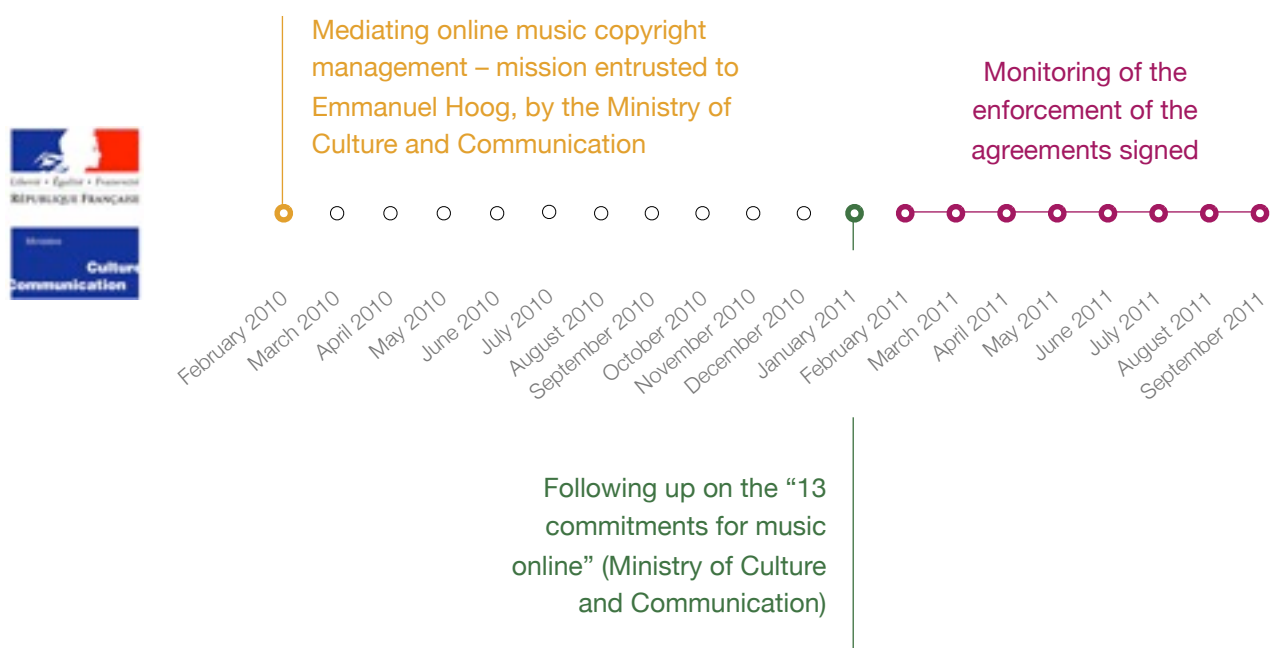
Source : Hadopi.
PUR labelling - "Promoting Responsible Use".



THE ONLINE CULTURAL OFFER IS GAINING IN QUANTITY AND QUALITY

Positive signs for online music.

Responsible for monitoring the 13 commitments set out for online music, Hadopi carried out nearly 30 interviews with 28 professionals and 2 group sessions. Two key facts emerged from this: **the commitments have been kept; the online music market – despite fragile balance in some areas – is gradually becoming an independent ecosystem with some notable sources of development.**



The study on "Sector Economics and Current State of Value-Sharing" was carried out by 3 independent experts, entailing **6 months of work and hearings with 35 professionals.**

The first of its kind, it offers an optimistic outlook: the digital music market grew by a factor of three over the last five years, **reaching EUR 140 million in turnover in 2010.**

These conclusions were discussed and explored in greater depth, at a public session held on 24 January 2012, **where 14 panellists came together before an audience of 130 people.**

13 Commitments for Online Music

<http://www.culturecommunication.gouv.fr/Actualites/A-la-une/13-engagements-pour-la-musique-en-ligne>

Monitoring the enforcement of the 13 Commitments for Music Online

http://www.hadopi.fr/sites/default/files/page/pdf/1818_HADOPI_engagements_BD.pdf

Report "Commitment 8 – Share data on the sector's economics and current state of value sharing"

http://www.hadopi.fr/sites/default/files/page/pdf/Rapport_Engagement8.pdf

THE ONLINE CULTURAL OFFER IS GAINING IN QUANTITY AND QUALITY

Innovation offers users new freedoms.

Hadopi has published 6 background notes on the state of legal supply and behavioural trends since September 2011. They are based in particular on the **comments or expectations of Internet users, as expressed on the social networks and in Labs.**

- Supply and consumption of fiction on the internet. *Published on 8 September 2011.*
- Supply and consumption of cinema on the networks: current status, hindrances and development prospects. *Published on 19 October 2011.*
- Supply, consumption and video games on the networks: current status and development prospects. *Published on 15 November 2011.*
- Consumer trends for the holidays: The place of dematerialised cultural goods and terminals. *Published on 13 December 2011.*
- Analysing the impact of the MegaUpload shutdown: 25.7% increase in audience for Catch-Up TV and VOD. *Published on 7 March 2012..*
- Offers, terminals and value chain: what are the prospects for digital books? *Published on 12 March 2012.*

An initial study on consumer recognition and satisfaction in relation to online cultural supply was carried out in November 2011, on a selection of 120 platforms. One of its key findings was that **the most innovative forms of supply are also those that post the highest Internet user satisfaction scores.**

Over 3 years' time (2009 to 2012), a growing number of online cultural content comparison tools have been released, joining the aggregators already existing*. Hadopi has embarked on an analysis process with them, in order to better understand how they work and the difficulties they face (referencing, access to catalogues, etc.).

Platforms working with Hadopi (engaged in the labelling process or taking part in analysis efforts).

* Web platforms that aggregate content and/or meta-data from other sites offering cultural content online. As such, they make it possible to combine different disparate offers on a single interface.

Crowdfunding		2	2			
Comparison & aggregators	2	3	1	1	1	
	Catch-up TV	Cinema	Music	Video games	Digital books	

At the same time, since January 2012, in order to give greater visibility to such innovative creation financing methods, Hadopi has offered labelling to community production platforms ("crowdfunding"). **As of 1 March 2012, 2 had been labelled, 2 were under review and others are being prepared.**

THE MILESTONES OF FUTURE ONLINE CULTURE ARE IN PLACE

The Labs – a place for freedom of expression and collaborative knowledge production.

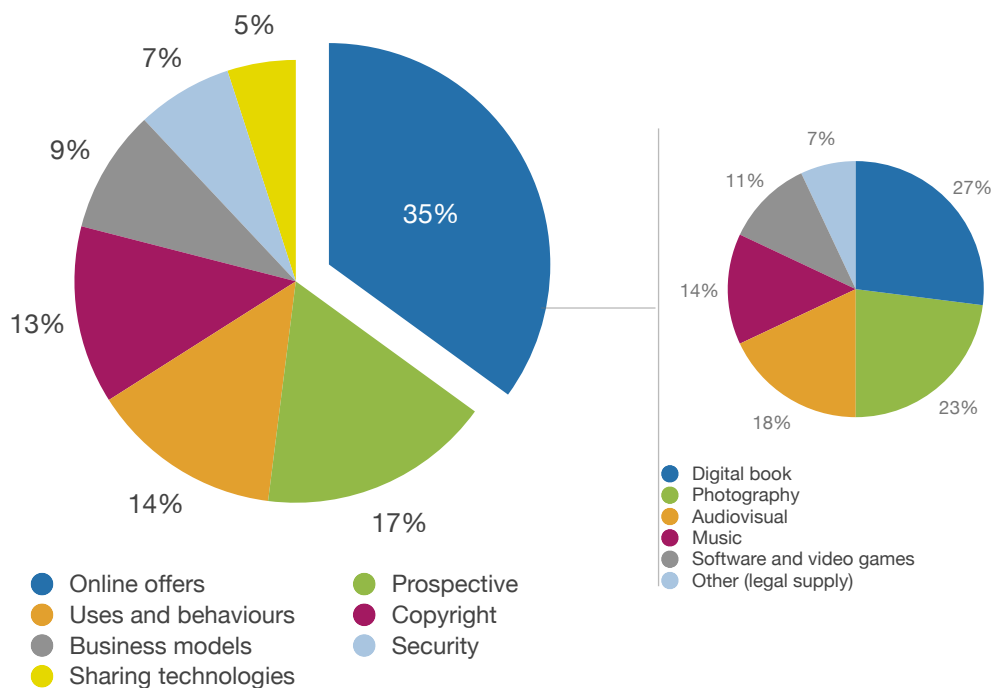
The Labs experiment with new avenues for expertise and knowledge-sharing about culture in the digital era. They are coordinated by independent experts and covering the following areas: philosophy, economics, sociology, law and technologies. They produce analysis, conduct research and suggest position statements, constantly enriched through conversation with Internet users. **Online supply is the subject that stirs the most questions and debate.**

Lab output:

351 content units produced, including 87 discussion topics.

Breakdown of publications, by main focus

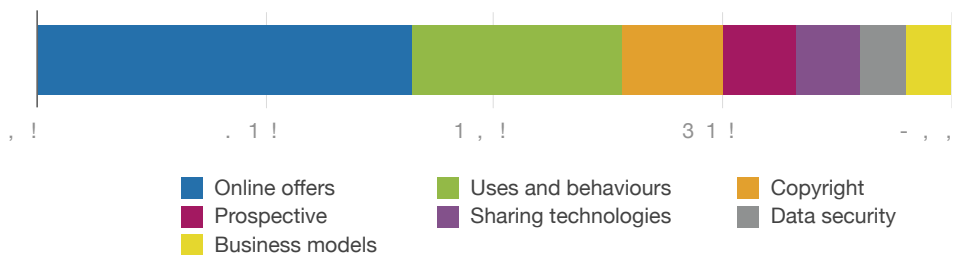
Source: Hadopi. Labs Platform. February 2012..



Conversation dynamics

Breakdown of contributions by main focus

Source : Hadopi. Out of 641 contributions from 254 members between May 2011 and February 2012.



THE MILESTONES OF FUTURE ONLINE CULTURE ARE IN PLACE

Lab Publications

Publications available free of charge, in digital format, on Hadopi.fr



DOWN LAB LANE

Intermediation

Whether technological, legal or economic, intermediaries have become the triggers in our digital lives. To choose intermediation is to accept a fact: traditional digital intermediaries and are repeatedly challenged and their role questioned by civil society. For this reason, the experts at the Hadopi Labs tend to foresee traditional intermediation models becoming obsolete, rather than going extinct.



AU FIL DES LABS (#2)

Photography, Put to the Digital Test

Digital technology amplifies the circulation of images and could, as such, be seen as a windfall for photographers, whose work thus becomes easy to disseminate and within everyone's reach. Yet as images are increasingly disseminated and widely-reproduced, they are turning into moving, exchangeable merchandise. Management principles are needed, in order to keep up with the abundance of photography as product – an upheaval in usage patterns and models, in a photographic sector in the throes of change.

(French publication available only)



Authors in the Digital Era

While the ever-changing world of book formats and reading devices are most relevant to readers, the content digitisation and mushrooming usage patterns for digital have a significant impact on how authors work. Fully aware of these issues, the authors show that it is not necessary to pit these two communities against one another – one stringently bent on traditional paper writing and the other eagerly borne by the all-digital dynamic. Digital is more to be understood as the instigator of a wide variety of ways of writing and new opportunities for publishing and publications.

(French publication available only)

Jointly published by Labs Hadopi / Éditions des archives contemporaines
ISBN : 9782813000880

Experimentation

“Gaining Control of One's Digital Life” – a call for experiments, issued in February 2012, by the Networks & Techniques Lab, focused on online security solutions designed today for enable Internet access by “small-scale” users, with the ultimate aim of drawing up functional specifications.

THE MILESTONES OF FUTURE ONLINE CULTURE ARE IN PLACE

The Board explores new avenues independently.

In October and November 2011, Hadopi initiated **6 strategic workstreams**, headed by members of its Board or the Rights Protection Commission.

A report on actual use of copyright exceptions in order to determine, based on the assessed effectiveness of the exceptions considered, whether the development of new digital uses should lead to a change in the definition, type and scope of some of the said exceptions. *Workstream headed by Jacques TOUBON*

Analysis of trends in sharing practices and average monthly spending per household on culture in order to consider the issue of illegal downloading, in light of the changes in usage patterns from 1980 (pre-digital age) to the present day. *Workstream headed by Chantal JANNET*

Initial analysis of the economics of tools to counter illegal downloading in an attempt to identify expenditure incurred – both public and private – in each country, including France, to fight the effects of illegal downloading from the Internet. *Workstream headed by Jacques BILLE*

Exploring the engineering and cooperation between institutions in progress on the issues inherent in the dissemination and protection of works on the Internet, with the three-fold aim of ensuring coherence between them, optimising the public funds engaged and identifying places for cooperation between public operators. *Workstream headed by Jean MUSITELLI*

Preparing the transition to “Open Data” for Hadopi, so as to enable and facilitate the reuse of data regarding the missions entrusted to it, with the three-fold aim of fostering the emergence of innovative services, the appearance of new uses and a greater understanding of the institution's action. *Workstream headed by Jean BERBINAU*

Conducting exploration with a view toward putting forth suggestions for better copyright protection, in the face of infringement via “streaming” sites or direct downloading. *Workstream headed by Mireille IMBERT-QUARETTA*

To learn more about these workstreams, see hadopi.fr



Jacques TOUBON	Chantal JANNET	Jacques BILLE	Jean MUSITELLI	Jean BERBINAU	Mireille IMBERT-QUARETTA
Former Minister	Member of National Council on Consumption	Tribunal of Accounts Member	State Council Member	National Telecommunications Engineering Coordinator	State Council Member
Member of Board	Member of Board	Former Member of the Rights Protection Commission	Member of Board	Member of Board	President of the Rights Protection Commission



LABELLED PLATFORMS

PUR - "PROMOTING RESPONSIBLE USE"

MUSIC

7Digital	fr.7digital.com
Allomusic	allomusic.com
Alter Musique	altermusique.org
Amazon MP3	amazon.fr/mp3
Avcvk	avcvk.com
Beezik	beezik.com
Cd1d	cd1d.com
Deezer	deezer.com
Disquaire Online	disquaire-online.com
Ecompil	ecompil.fr
Fnac	fnac.com
Gkoot Electronic	gkoot-electronic.com
Habett	habett.net
iTunes	apple.com/fr/itunes
Jamendo	jamendo.com
mioozic	mioozic.com
Musicoverly	musicoverly.com
My Clubbing Store	myclubbingstore.com
My Surround	mysurround.com
MyMajorCompany	mymajorcompany.com
Orange Musicstore	musicstore.orange.fr
Qobuz	qobuz.com
Quickpartitions	quickpartitions.com
Sonothèque	sonotheque-hn.com
Spotify	spotify.com
Starzik	starzik.com
Universal Music Mobile	universalmobile.fr
Universal Music Web	universalmusic.fr
Virgin Mega	virginmega.fr
Zaoza	zaoza.fr

VIDEO

Allo clips mobile	allomusic.com
Arte VOD	artevod.com
Imineo	imineo.com
INA	ina.fr
OffTV	off.tv
Touscoprod	touscoprod.com
Videoavolonte	videoavolonte.com
VOD Mania	vodmania.com
Vodeo	vodeo.tv

VIDEO GAMES

Boonty	boonty.com
DlGamer	dlgamer.com
Everygames	every-games.com

PHOTOGRAPHY

Fotolia	fotolia.com
Monnaie de Paris	monnaiedeparis.com
Wallis	wallis.fr

DIGITAL BOOKS

AveComics	avecomics.com
iKiosque	i-kiosque.fr
Numilog	numilog.com

SOFTWARE

Captain Download	captaindownload.com
Toomai	toomai.fr

All of the labelled sites can be found on pur.fr

hadopi.fr
pur.fr
labs.hadopi.fr

This document can be found online at:
hadopi.fr/sites/default/files/page/pdf/note17EN.pdf