

GENERATING REVENUE FROM USER-GENERATED CONTENT Media & Entertainment Business Conclave (MEBC), Chennai, 2009

The recent phenomenon of user generated content (“UGC”) sites has piqued the interest of the public and the industry stakeholders alike. The **MEBC** at Chennai, November, 2009 kicked off this discussion leaving the stage open for an interesting sequel. A UGC panel entitled: **GENERATING REVENUE FROM USER-GENERATED CONTENT** was created to discuss the rise of UGC sites, the business model of UGC sites, sustainability of these sites, the potential threats of operating them, risks to content owners and mitigation. Neeraj Roy, MD & CEO, Hungama Digital Media Entertainment Pvt Ltd. was the moderator of this panel. The other panelists included Amit Sibal, Advocate, Supreme Court of India and Delhi High Court; Vijay Lazarus, President, Indian Music Industry (IMI); Rajjat A Barjatya, MD, Rajshri Media; Richard Cadran, Media Strategist and Kalyan Manyam, CEO, IndyaRocks.

Being a relatively new phenomenon in the media and entertainment industry, the discussion opened with an introduction to the subject matter under consideration and the issues surrounding the operation of the UGC sites and the problem of copyright infringement.

The Rise of Licensing Arrangements on UGC Sites

Major content owners are faced with a daunting task of keeping their content from racing across the internet without a mandate, and although sometimes the content does get pulled down, upon notice, it does not prevent new content of the same owner from being uploaded by a different user, within a matter of seconds. Content Owners such as Rajshri Media have found it a more viable option or often succumb into entering into licensing arrangements with the website provider, in the hope of receiving some revenue out of it. An emphatic view was taken that that sites such as YouTube have a strategy which they employ to get content owners to enter into licensing arrangements. Content owners, fed up of their content being uploaded illegally, and often in the weaker position are coerced into entering into license agreements with UGC websites. They are essentially “victims” and UGC websites takes advantage of their weaker position and offer them an arrangement which would legitimize their content.

The Indian Legal Regime

The recently notified Information Technology Act (IT Act) has loopholes in setting out boundaries of safe harbour and there is no clarity whether UGC sites fall within the scope of intermediaries as defined under the IT Act. Therefore traditional law may alone not solve the problems at hand and the solution may be found by the key stakeholders coming to the table and create technical solutions and protocols that would work for content owners and website providers alike. Globally, UGC service providers and content owners have entered into a kind of

social contract and established a self governance model through establishing commitment to UGC Principles. Some of the key benefits from such a pact are equitable distribution of the costs of policing infringement content owners need not devote resources to monitoring the UGC sites and sending takedown requests, it minimizes litigation, content ID technology can be use to track and monetize content if the content owner agrees to make it available. There is a need for establishment of a similar mechanism in India given the rapid growth of social networking, UGC sites and the need to sustain and reward creative talent in the country.

Food for thought : (i) How is it possible to eliminate infringing content on UGC sites while encouraging uploads of wholly original and authorized user-generated audio and video content?
(ii) Who should bear the costs of doing so?

Your thoughts and comments are welcome at the following link : [].

The Advertisers conundrum

UGC sites generate their revenue from selling advertisements, which are viewed next to third party content being viewed on their sites with many actual content owners having little or no share in this pie. The content owners thus lose control over distribution of their content and suffer loss of revenue. Further, advertisers too may want to steer clear of showcasing their brand next to illicit content.

Lessons for New Entrants

UGC sites are only going to witness an exponential growth. New Start ups are however often at a loss when gauging risks involved in providing user generated services, scales of copyright infringement and what steps they ought to take to mitigate risks.

Harmonization

The objective of all Web 2.0 services is to mutually maximize the collective intelligence of the participants. This dynamic platform should reflect the knowledge of all participants and needs to adapt itself to changes in the environment. Maximizing the collective intelligence requires a self-regulating community and a community that demonstrates respect for one another. It is therefore imperative that all stakeholders work together to facilitate each other interests rather than work against the interest of one another.

One hopes that the session at FICCI-FRAMES, Mumbai in March 2010, where this discussion will resume on a more national level will address these concerns and provide solutions to these rising concern and help build long-term relationships amongst UGC stakeholders.