

Centre for Copyright and New Business Models in the Creative Economy
Expressions of Interest
University of Southampton

Lead applicant:

Prof Jeremy Howells

Co-applicants:

Prof Sean Cubitt, Prof Sally-Jane Norman, Dr Lorraine Warren, Dr Gerhard Kling

Key Partners:

University of Southampton, University of Sussex, P2P Foundation

Proposed start date: 1 April 2012

Proposed end date: 31 March 2016

Centre structure

Prof Howells will direct and coordinate the work of the Centre in the first instance: if successful, the Centre will move to appoint a permanent director, and will actively encourage applications from key researchers in the field. The lead researchers will coordinate programmes of work, and take responsibility for communication between programmes and with partners, and to convene public events for consultation and communication of results. Programmes will undertake fieldwork with individuals, SMEs, public sector bodies, distribution channels and portals.

The Centre will be housed at the University of Southampton, which will provide offices and infrastructure including offices and resources for visiting researchers and public events.

The Centre will establish a Steering Committee including partners in the Centre plus representatives of policy bodies, technologists, legal experts, arts and cultural bodies and associations of creative workers and firms. It is anticipated that the Centre will be able to take advantage of the TSB's ICTomorrow Digital Testbed to try out innovative models and experiment with alternative solutions, and that the IPO and NESTA will have future input to the Centre.

An international Advisory Board will include representatives of key centres in European Union, North and South America (Center for Technology and Society of FGV Law School Rio de Janeiro, FLACSO), Australia (IBES Institute for Broadband Enabled Society) and Asia (Alternative Law Forum Bangalore, Centre for Internet & Society Bangalore), with a special remit to advise on relations at UN, EU and OECD level.

The Director will lead a Project Management Team comprising a Centre Manager, the leaders of Programmes of Work, and officers from among the partners charged with knowledge exchange, communications, and international relations. The team will include members of the Peer To Peer Foundation, and the Universities of Sussex and Southampton. *(291 words)*

Demonstration of need

The coincidence of digital transformation and the emergence of IP-driven creative economies constitutes a large-scale, real-time experiment in which all parties learn as they go along. The creative economy operates in a hybrid zone of artisanal production and corporate distribution where economic and other social values mix. Large corporations dominate the sector, relatively few of them based in the UK. The sector is also characterised by the large proportion of SMEs and self-employed. Individuals engaged in creative industries on a professional basis ultimately depend upon some constraints on copying, such as compulsory or implied licenses. But the collapse of some forms of protection (e.g. through shared music files) can lead to other forms of protection (e.g. increased charges for live performance), a solution only open to some creative sectors. The Centre will address both large and small firms, and take a broad definition of the creative economy. Existing business models, mainly based on industrial rather than service sector practice, are inadequate for SMEs and self-employed individuals, for performing arts, and even for large, often multinational firms (agents, distributors, retailers) who mediate creative practice to audiences.

We will undertake case studies of specific firms in specific sectors, including music, audiovisual media, archives, libraries, museums and galleries, publishing, games, software, fine art and fashion. We will focus on strategies for managing continuing economic and technological change, without however losing sight of the importance of physical objects and performances to the creative sector. The Centre will offer unique focus on public access, common ownership, and distribution; and how Open Source and Open Access increase or diminish creative activity in the commercial sector and the wider community. Some very large companies operate at least partially on P2P principles, among them Google, Amazon (recommendations) and eBay (trust indicators) as well as the major social networks. In the dot.com crash of 2001, these firms, who had integrated their users into the content of the site, survived, where publishing models like AOL-Time-Warner suffered. As we enter the era of ubiquitous computing, a question we need to ask is: which practices are likely to shape the next phase of the information society?

Preliminary evidence suggests that indirect economic and social benefits of 'benefit-driven production' related to fair use and open content amount to 1/6th of U.S. GDP, while the *shanzai* sector in China retro-engineers proprietary electronics to add features, building the basis for Open Source hardware design and manufacture. Claims for these activities have yet to be subjected to rigorous empirical research, and the rival claims of disparate models, including Creative Commons, Kickstarter and Flatlr,, have rarely been subjected to longitudinal analysis.

The Centre will be unique in its articulation of existing Copyright with alternative practices of exchange and forms of value, and in its partnerships with innovators in such new practices. Whereas existing Copyright centres take a juridical approach to creative industries, the Centre will have an interdisciplinary design, bringing into close interaction scholars from economics, law, communications, cultural studies, computer science, art and other disciplines.

(499 words)

Key features of proposal and strategic fit

Copyright is commonly held to provide incentives for authors and artists to create and publishers to identify and promote new talent and to engage in the promotion of works of creative content. As a comparison, the Centre will also address business, economic, legal and value alternatives to intellectual property rights currently emerging in the creative economy, investigating strategies transitioning to more completely network-native modes of transaction and exchange. It will address the feasibility and suitability of standardized licensing practices in the field of intellectual property, in particular copyright.

The Centre will in the first instance address the following themes:

1. Modelling creative practice as business,
2. The central role of distribution and
3. The question of value creation in the creative industry. Shareholder value creation in the creative industry is challenging, as it is difficult to define operating assets and the boundaries of the firm. Consequently, investors struggle to understand the potential and risk of the industry. We will also explore value created in education, cultural diversity, social welfare, health, aesthetic value, and natural and built environments. A key target of the research will be to adapt established and develop new tools for assessing such broader values and their relative weighting as benefits in the creative economy.
4. Ownership and exploitation of intellectual property rights (IPRs). Which tests of originality, usefulness and benefit can be applied in copyright? Should legislation re-emphasise the principle of common good? Would a return to deposit in a national library, including detailed information concerning licensing, costs, and agents, improve the rights environment and trade in licenses via legal certainty for free licensing and the public domain? How might emerging instruments such as Creative Commons, the GNU General Public License, Copyleft and peer-to-peer economics impact on the conduct of the creative economy as it adapts to ubiquitous computing, the internet of things, cloud computing and other emerging technologies related to e-science developments?
5. Externalities: Copyright and other IPRs impose externalities (benefits and costs outside of the choice framework of the market) that influence consumer welfare, environmental quality and sustainability. Assessing these externalities will be a research issue for the Centre.
6. Digital labour in the context of crowd-sourcing and portals, which potentially both enhance access to markets and distort them, while raising questions as to the IPRs and remuneration or other benefits to those donating their creativity.
7. Global legal challenges, such as indigenous rights, mass file-sharing and piracy, out-of-commerce and orphan works, and how they may constrain or enhance new practices in property rights and creative practice.

Innovative start-ups are frequently bought out by early-entrant market leaders, making it difficult to gain entry to markets, raising issues of relationships between IPRs and competition law. Elsewhere, proprietary models favour innovations compatible with platform owners' policies, such as the 'apps store' model. In areas subject to 'network externalities' such as

software where competitive products may find it difficult to compete due to user familiarity with a market-dominant applications and the need to exchange documents in forms revisable by others, market power may have adverse consequences. In other areas, it is generally expected that competitive alternatives will constrain market power while profit-seeking will provide incentives for innovation. The Centre will open its doors to market leaders and to a generation who are actively producing creative works, performances, software and services outside the normal systems of financial reward. Such communities of mutual benefit are especially numerous and populous among young creatives, and a particular goal of the research will be to investigate their investment in non-pecuniary value exchange, and the sustainability of this model as business and as provider of social benefits and a widened sense of citizenship. Pirate economies, which often reflect migration patterns as well as varying cultural attitudes to legality in multicultural societies like the UK, will also be explored.

During the first period of its existence, the Centre will prepare reports on these empirical researches, and develop new modelling techniques adequate to the interpretation of the data. We will also undertake specific enquiries into claims that digital rights management (DRM) should be written into source code for the TCP/IPV6 suite and HTML5. By relating copyright to intellectual property rights (IPRs) more generally, we will be able to assess how corporations, (notably DC Comics and Disney), creative entrepreneurs (notably in games and software) and practitioners (especially designers) combine copyright with patents, trademarks and designs. We will undertake studies to ascertain whether extending IPRs necessarily diminishes the rights of purchasers. In these cases we will put to the test of empirical research the thesis that IPR markets can provide a lasting resolution of the rival claims of wealth creation through the monopoly on IPRs, and the public good to be obtained through the dissemination of innovation.

Particularly important in the Centre's work will be the themes of digital labour and environmentalism, values especially relevant for creatives working with NGOs and the popular communication of science among others, and keenly debated among participants in creative economy forums hosted by iDC, Oekonux and others. We will instigate empirical research with users of social media portals as to the perceived benefits they seek; and will cooperate with international projects on digital labour such as those coordinated at Uppsala, the New School (NYC), and Queen's (Ontario).

In line with the University's strategic plan, the Centre will deliver tangible economic impact through our international leadership in enterprise, knowledge transfer and business engagement and significant social impact locally and globally through public debate, community outreach and cultural engagement. In addition to scholarly and technical reports, the Centre will run public events and discussions involving practitioners, associations, funding agencies and policy bodies, and provide communications to news media. Sector specific events such as an international conference creative economies and the future of the art school will engage emerging practitioners, educators, employers and policymakers. Similar sector-specific forums will be convened at WSA and the Attenborough Centre to engage professionals and policymakers involved in games, software, design, music, publishing and other sectors.

(996 words)

Partnership

The Centre will be lead by and housed at the University of Southampton's Faculty of Business and Law. Previously director of the Centre for Research on Innovation and Competition at Manchester Business School, Prof Jeremy Howells will act as Director of the Centre. The Southampton team includes: Dr Graeme Earl, chair of the Digital Economy University Strategic Research Group; he also has experience in digital indigenous property via eMob with AIATSI and consultation in terms of indigenous cultural artefact digitisation and training. The DE USRG will articulate connections between the Centre and the wider digital economy networking expertise and digital industrial contacts of the University of Southampton; Prof Sean Cubitt has led research on digital light technologies, media in public space and media art histories; Dr Gerhard Kling is an applied econometrician with a special interest in emerging markets; Prof Lucy Mazdon directs the Centre for Cultural Entrepreneurship; Prof Luc Moreau of Electronics and Computer Science specialises in data provenance; Prof David Owen of the Centre for Citizenship, Governance and Globalisation in the School of Social Sciences; Dr Jussi Parikka, previously director of the Centre for Digital Economies at Anglia Ruskin, has a special interest in media technologies; Dr Sophie Stalla-Bourdillon of iLAWS Institute for Law and the Web at Southampton who researches comparative Intellectual Property law; Dr Lorraine Warren specialises in the emergence of different forms of value in turbulent innovation systems, and is Director of the Centre for Strategic Innovation in the School of Management.

The University of Sussex team includes Prof Sally Jane Norman, cultural policy and interdisciplinary research advisor for numerous national and international organisations and founding director of the Attenborough Centre for the Creative Arts; Prof Ed Steinmueller of SPRU (Science and Technology Policy Research), an economist with experience in cultural and technology policy; Dr Caroline Bassett, Reader in Digital Media, head of Digital Media and Society cross-campus research strand, and Chair of the ECREA Digital Media section, with a special interest in the digital economy, social media, expertise and gender; and Kirk Woolford, Senior Lecturer in Media Practice, artist/designer, former web and video games developer, director for Channel Four Online and Senior Producer for the Economist Group, with a special interest in the role of the individual creative practitioner within the Creative Industries.

In the P2P Foundation team are Michel Bauwens, founding director, who has been an analyst for the US Information Agency, knowledge manager for BP, eBusiness Strategy Manager for Belgacom, and an internet entrepreneur; and Franco Iacomella, a scholar serving as projects designer and projects manager within the P2P Foundation. An additional partner is Dr Volker Grassmuck, based at Humboldt University (Berlin) who researches copyright issues in digital environments and has convened the influential *Wizards of OS* conferences since 1999.

Participating scholars and researchers at the two Universities and the Foundation have extensive records in running large scale research projects and centres, and in the dissemination of results to a very wide group of constituencies relevant to the creative economy, copyright and new and emerging business models. We will seek partnerships with UK IPO, NESTA and the Technology Strategy Board.

In addition to the partners whose letters of support are appended, we have received preliminary support from the following

Research Institutions: University of Brighton; University of Bournemouth; London International Film School; Berkman Center, Harvard; Center for Technology and Society, FGV Law School Rio de Janeiro; NEXA Center for Internet and Society, Politecnico di Torino; Institute for Internet and Society at Humboldt University; Max Planck Institute for Intellectual Property and Competition Law, Munich; Information Society Project (Yale); FLACSO (Latin American Faculty of Social Sciences) and Communia, the European Thematic Network on the Digital Public Domain.

Art Schools: The Art Institute of Chicago, Emily Carr University, VCAM Melbourne, OCAD Toronto, ELAM Auckland, Hong Kong City University; University of the Creative Arts; UAL London; Duncan of Jordanstone Dundee, UCLA Sci-Art.

Individual Researchers: Rufus Pollock (Open Knowledge Foundation), UK; Philippe Aigrain, Paris; Alan Story, University of Kent; Alan Toner; Carolina Botero, Columbia; Lawrence Liang, Alternative Law Forum, Bangalore; Ned Rossiter, Sydney.

Artists and Archives: Fair Music Initiative; MICA, Vienna; PRS; South Coast Design Forum; Rough Trade Records; John Hansard Gallery; Film Video Umbrella (the UK's premier commissioning body for media art); Lux (artists' film/video distribution); VODO, the Creative Commons film distributor; CBI Intellectual Property Committee; The British Library; Europeana; CopySouth; Mozilla; The Internet Archive; sourceforge (the open source code repository); metamute (the digital publishing and consultancy house); Lighthouse (the Brighton arts agency); d-Media, the Southampton based global network of digital media professionals; Arjo Ghosh, Executive Chairman of internet search company iCrossing UK and founder of WiredSussex

Legal and Licensing Bodies: iCommons; LicenseNet; and PPL, the not-for-profit music licensing company which, on behalf of 45,000 performers and 5,750 record companies, licenses the use of recorded music in the UK for public performance, broadcast and new media use.

All stakeholders will be entitled to attend events, receive reports, and to make proposals concerning the direction, prioritisation and dissemination of research. More active stakeholders will be invited to join the Steering Group and the International Advisory Board as appropriate, and to help shape the sustainable future of the Centre as an ongoing research, consultancy and training resource.

(868 words)

Funding and Legacy

The partners are connected with government, NGO, industry bodies, companies and individual creatives in relevant fields, and will approach Google, Mozilla, the Open Society Initiative, and the Open Standards Initiative among others. The Centre will develop expertise and empirical research which will allow it to function in a consultative capacity in the creative economy, as well as bespoke training and up-skilling service, creating a robust revenue stream by the end of the grant-aided period of its existence. We believe our international networks will also stand in good stead for approaches to the EU Framework Programmes 7 and 8.

As the Centre matures, stakeholders will be invited to take up membership options providing privileged access to researchers, bespoke services and master-classes conducted by visiting researchers; and encouraging mentoring or sponsoring research students. While maintaining a sustainable financial base, the Centre will publish its findings and participate in open communities on- and offline. Such a presence will be vital to the credibility of the Centre among emergent practitioners, and to the process of open debate on values and new forms of economic practice.

This combination of maximum transparency with value-added services parallels the principles of intellectual autonomy and real-life applications of research, which are guiding principles of the Centre's practice. The Centre will host 4 RAs and 8 studentships, shared between Southampton and Sussex, ensuring its intellectual legacy, and the University of Southampton will put in a funding framework after the grant-aid period.

The initial costings of the Centre are tabulated on page 8 opposite:

	Southampton	Sussex	Total
	£k	£k	£k
Directly Incurred Costs			
4 RA for 4 years(2 Soton, 2 Sussex)	368	355	723
Centre Manager	335		335
Admin staff	140	10	150
Studentships (5 Soton, 3 Sussex)	341	182	523
Centre Engagement & Dissemination	450		450
Research & Admin Travel & conference	500		500
IT Equipment and Software	120		120
Other General	100	3	103
Directly Allocated			
Academic time	235	145	380
Indirect Cost	551	457	1008
Estates Cost	87	62	149
Total FEC	3227	1214	4441
Funded by RC	2650	1008	3658
Partners Contribution			
Balance of FEC funding	577	206	783
Matching studentships	341		341
Infrastructure for housing Centre*	TBC		
P2P staff time (Benefit in Kind)			200
			1324

* Will be quantified if successful in the next round

(253 words, excluding table)

Institutional commitment

The proposed Centre for Copyright and New Business Models in the Creative Industries has the full support of the Universities' of Southampton and Sussex. The Centre will be housed at the new Creative Campus at the University of Southampton's Winchester campus. In addition, the respective universities will fund the 20% funding shortfall from the FEC model and the two Universities will fund 8 PhD students through scholarships (8 FTE funding over 4 years) at the new Centre. The University of Southampton will also put in a funding framework for the new Centre after the Research Councils' funding is ended. (99 Words)



Professor Phil Nelson
Pro Vice-Chancellor (Research and Enterprise)

Lead Applicant signature and contact details

Prof Jeremy Howells
Dean, Faculty of Business and Law
Building 4/4037
University of Southampton
Highfield Campus
Southampton
SO17 1BJ

Office: 023 8059 3538
Mobile: 07403 001305
Email address: J.Howells@soton.ac.uk



Enclosures:

Two page CV for Prof Jeremy Howells
Statements of support from partners:
Additional Support from Phil Nelson, University of Southampton
University of Sussex
P2P Foundation
Mute Publishing
BFI
Eastsussex County Council