



NEWS BULLETIN

March 2009

The present News Bulletin is a summary review of news information collected by third parties. Its content does not necessarily reflect the AEPO-ARTIS position on the commented subjects. The data and figures have not been verified.

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1. MUSIC, AUDIOVISUAL, ELECTRONIC SERVICES

Last.fm Goes Payware UK, US and Germany Excluded

Less than a year after unveiling what it called a “free global jukebox”, Last.fm is scrapping free radio listening, except in three key countries: the USA, the UK and Germany. The site, acquired for \$280m by media giant CBS almost two years ago, will instead introduce a €3 monthly equivalent fee for music streams. The site craft, such as recommendations, interviews and social networking, remains free.

“Revenue from international subscriptions will be used to cover the cost of providing a radio service for international users”, explained Last.fm’s Owen Parry on the company blog. “Revenue from advertising will be used to cover some of the cost of providing service in the three countries – subscriptions are also available. While we would like to provide the same service for users of all countries – the world is a huge place and it’s not cheap to deliver music over the Internet.”

Last.fm lost a fifth of its staff before Xmas as CBS digested its \$1.8bn takeover of CNET.

The Register (Andrew Orlowski) 25 March

Vodafone Music Store Going DRM-free

Vodafone has announced an agreement with the world’s biggest music record labels Universal, Sony and EMI to offer DRM-free MP3 downloads through its PC and mobile phone download service. Vodafone is set to become the first worldwide mobile operator to sell unprotected music tracks, leaving customers free to listen to their downloaded music across different devices.

The Vodafone Music store is powered by RealNetworks and it will provide downloads across a range of countries, beginning with the UK, Germany, Italy, Spain and New Zealand by this summer.

The company says that customers who have already bought songs through its store from the participating record labels in a DRM-protected WMA format will be able to update them to the DRM-free MP3 format for no extra cost.

Vodafone is said to be in talks with the Warner Music Group about a similar deal.

Neowin (Andrew Fairbairn) 12 March

Nokia Extends Music Store, Launches 3 New Devices

Nokia has announced the arrival of new Nokia Music Stores, more Comes With Music launches and three new music devices.

Mexico was the latest country to launch a Nokia Music Store with additional markets such as Portugal, Norway and South Africa joining the fold in the coming months.

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Comes With Music offers unlimited DRM downloads when users buy certain Nokia handsets. Currently available in UK and Singapore, Comes With Music will launch in Australia later this month. Additional launches, including Italy, Sweden and Mexico are planned for the coming several months.

The Nokia 5730 XpressMusic and the Nokia 5330 XpressMusic are expected to begin shipping in 3Q 2009. The Nokia 5030 is seen shipping in 2Q 2009.

Nokia has already signed pan-European licenses for Comes With Music with Universal Music Publishing Group and national collecting societies SACEM, SDRM and SESAM in France, SGAE of Spain and SIAE of Italy. Sony/ATV Music Publishing and Nordic societies STIM, TEOSTO and TONO have already confirmed their participation in Comes With Music.

Easy Bourse/Dowjones Business News 11 March

Music Week (Ben Cardew) 11 March

Music&Copyright 5 March

2. STUDIES AND SURVEYS

BitTorrent the Dominant P2P Protocol

Focusing its research on the Internet traffic in Southern and Northern Africa, South America, Eastern, Southern and Southwestern Europe and Middle East - the German company Ipoque revealed that P2P traffic as a proportion of total Internet traffic decreased in 2008 compared with 2007 even if absolute level of P2P did not decline. In all but two of the seven regions studied by Ipoque (Northern Africa and Middle East), P2P traffic accounted for the majority of Internet traffic. Eastern Europe had the highest P2P share, at 70%. Ipoque stated that the regional differences could be attributed to the variety in subscribers' bandwidth, the availability of localized content, and cultural habits.

The level of audio and video streaming increased significantly in 2008. Flash was the most popular format, accounting for 60-83% of the total streaming traffic in all regions except the Middle East, where some web sites are censored and blocked by local ISPs.

As in 2007, BitTorrent was the most popular P2P protocol in all regions in 2008, with the exception of South America. eDonkey remained popular in Southern and Southwestern Europe.

BitTorrent was most popular in Eastern Europe and the Middle East accounting for about four-fifth of P2P traffic. It is least popular in South America, with a 30% share. Although BitTorrent is dominant, Gnutella, iMesh and Thunder-a Chinese P2P network used by Chinese immigrants-took combined 46% share.

Music&Copyright 5 March

Studies Show that Piracy Has Become Mainstream in Canada

In its recent online survey of 1,395 Canadian adults, Angus Reid Strategies market research company found that a majority of Canadian Internet users see no major problems with P2P file sharing.

In the survey, nearly 45% say those who use P2P file sharing services to download music and movies are “just regular Internet users doing what people should be able to do on the Internet.” An additional 27% admit these people are “doing something they shouldn’t be doing” but say “it’s not a big deal.” Only 3% believe file-sharers should be punished by law.

The survey shows that P2P file sharing is prevalent in Canada. Among Canadian Internet users, 23% say they have downloaded free digital music files from P2P sharing sites in the past 30 days, while just 12% have paid a fee to download digital music files from an online music store such as iTunes.

A significant proportion of online Canadians have not bought into the idea of paying for online music. Proponents of file sharing have long held that the music industry is doing itself a disservice by attacking its own fan base, noting that these consumers are often the most voracious music enthusiasts.

These results are not unique. A few weeks ago a Spanish survey found pretty much the same results. Of the thousands of Internet users questioned, more than half admitted using file-sharing software regularly. In fact, 28% said they use it every day. Only 1% of the respondents saw downloading copyrighted files as criminal behavior, while 43% said that the development of P2P networks should be promoted.

The Internet has drastically changed the way people consume music and other forms of entertainment. “All you can eat” plans are the future though, either for a small fee or ad supported. If it’s done right, the motivation to download something illegally will simply disappear, at least for the majority of the people. This aside, it is likely to generate more revenue for the artist and labels.

Daily Exchange 13 March

Torrent Freak (Ernesto) 13 March

Continued CD Sales Declines in 2008, but Music Listening and Digital Downloads Increase in the US

A report by market research firm NPD Group revealed that the number of Internet users paying for digital music increased by just over 8 million in 2008 to 36 million. Purchase of online digital music downloads increased by 29% since last year; they now account for 33% of all music tracks purchased in the U.S.

NPD also reported that there were 13 million fewer music buyers in the U.S. last year, compared to the prior year. The decline in music purchasing was led by a 19% drop in CD sales. Only 58% of Internet users reported purchasing CDs or digital music downloads last year, versus 65% in 2007.

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The main reason consumers cited was less overall entertainment spending, due to the recession. Among the reasons cited for preferring digital music over CDs was that they could choose only the songs they wanted to purchase, and could immediately download and listen to their purchases.

NPD also found evidence that music listening is increasing. For example awareness and usage of an online radio station Pandora doubled year over year to 18% of Internet users. The percentage of consumers claiming to listen to music on social networks climbed from 15% in the fourth quarter of 2007 to 19% in the fourth quarter of 2008. Nearly half of U.S. teens are engaging with music on social networks, which is an increase from 37%; among college-age Internet users, the percentage increased from 30% in 2007 to 41 % in 2008.

Business Wire 17 March

DMW Media (Mark Hefflinger) 17 March

Google Takedowns Analyzed

Academics have analysed the requests received by Google for copyrighted material to be removed from the internet and found that almost a third of requests may be unwarranted and over half of link removal demands came from competitor companies.

Jennifer Urban of the University of Southern California and Laura Quilter Of the University of California, Berkeley produced the report in 2006 but it has attracted widespread attention following Google's reported use of some of the information in its submission to the New Zealand government regarding a controversial change to its copyright laws.

New Zealand had planned to change its copyright law in a way that critics said would result in people being disconnected by their ISPs merely because of claims of copyright infringement. It has been reported that Google used the research as evidence that claims of copyright infringement are not a reliable indicator of actual infringement. Google's submission is no longer online at New Zealand's telecoms forum website now that the government has decided not to proceed with the planned law change.

US copyright law contains a provision, called Section 512, which allows internet hosts to avoid liability for copyright infringement when material is posted by a third party. The publishers or service providers must remove the material as soon as they are notified of the infringement to qualify for the exemption.

It is the notifications that Urban and Quilter analysed. They collected the data from the Chilling Effects project, a collaboration between digital rights group the Electronic Frontier Foundation (EFF) and the law departments of various US universities.

The project analysed 876 notices received between 2002 and 2005. This includes every notice Google received in this period, which represents 84% of the total.

“We found that a substantial portion of notices contain at least one of the major categories of flaws we evaluated,” said the study.

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“They are: substantive legal questions related to the underlying copyright claim; significant technical noncompliance that renders the notice unusable according to the statute; and notices sent in 512(a) situations,” it said.

Part (a) of Section 512 only relates to service providers who are 'mere conduits' for the information such as internet service providers. It imposes no takedown obligation on the service provider.

The study found that 30% of the takedown notices “presented an obvious question for a court (a clear fair use argument, complaints about uncopyrightable material, and the like)”. One in 11 complaints contained significant flaws that rendered them unusable, the research found.

The research did find, though, that the notice and takedown process was rarely used by the industries that had lobbied for it, the music and film industries.

“It seems likely that complaints about infringing movies and songs now focus on peer-to-peer networks, where the OSP [online service provider] acts only as a conduit,” it said.

The research found (...) that 57% of notices to Google demanding that it remove links from its search engine database were sent by competitors to the company linked to. It also found that 37% of notices to Google related to sites outside of the US, where different laws would apply.

The researchers concluded that the notice and takedown process was not working.

“The surprising number of questionable takedowns we observed, taken in conjunction with the ex ante removal of content, the minimal remedies for abuse of the process, and the lack of knowledge about the counternotice procedures, suggest that few are well-served by the current Section 512 process, and some or many individuals, as well as public discourse and the Internet’s value as an expressive platform, may be harmed,” it said.

“Our data set is, as noted, limited, so further research to prove or disprove these concerns, and to suggest the best reforms or remedies, is necessary,” it conceded.

OUT-LAW.COM 25 March

3. MANAGEMENT OF RIGHTS

United Kingdom Lobbying Operation for Royalties

Under Britain’s copyright laws, after 50 years their record companies can no longer demand an artist’s fee.

John Denham, the innovation, universities and skills secretary, is to launch a EU wide lobbying operation to win more royalty fees for pop and classical musicians who, after 50 years, lose out when they no longer get payments from the sale of their CDs.

The opportunity has arisen because the EU wants to extend the copyright period from 50 to 95 years. But Denham wants any new directive to devolve the detail of the changes to each of the member states - in effect, giving each country the right to decide how the cash is divided up.

“The aim is to give the lesser-known artists and the sessional musicians a much bigger share of any increase of new royalties after 50 years”, said a spokeswoman for Denham.

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Denham prefers 70 years copyright period extension but it is in the division of the spoils where there would be the change. Denham wants the money from royalties to be split 70/30 in favour of the artist after the first 50 years. This would mean, in most cases, that much more money would go to the artist rather than the record company. In the case of some megastars who already command as much as 90%, however, it would mean a cut in income.

He also wants a break for artists at 50 years. This will allow them, if their record company will not re-release their tracks, to be able to launch their own CD label or get another company to do it for them - and keep all the royalties.

The Guardian (David Hencke, Westminster correspondent) 16 March

MGMT to Sue Nicolas Sarkozy Party Over Song Use

After using their music without permission, the French president's UMP party has offered to pay MGMT the sum of €1 as a symbolic damages payment to settle the band's copyright claims.

The band found it a little insulting and its French lawyer, Isabelle Wekstein, confirmed that MGMT have rejected the offer and intend to sue the organisation.

Though the UMP's public relations firm admitted that they had used the song, Kids, without permission, they called it an unintentional mistake.

Besides the €1 offer, the UMP also paid a standard €53 fee to the SACEM, a French music licensing body. This does not, Wekstein insisted, cover subsequent uses of the track – including internet videos.

Guardian (Sean Michaels) 29 February

YouTube Blocks Music Videos in UK

Google-owned video-sharing site YouTube has blocked access to music videos for UK users over a licensing dispute with publishers. YouTube has deals with three major record labels to show their artists' videos, but that only covers the video and performance rights. Songwriting rights lie with publishers, who are represented by rights agency PRS for Music.

The dispute has arisen because YouTube's previous licence from PRS for Music had expired and the two sides have failed to come to a new agreement. "PRS is now asking us to pay many, many times more for our licence than before," said a statement from Patrick Walker, director of video partnerships for YouTube in Europe.

YouTube said that the problem was not simply one of licence fees and claimed that it was not clear exactly what the licence would cover.

Clashes over licensing have plagued online music services. Online radio stations such as Pandora have had to shut down international operations because of failures to negotiate licensing rates.

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In response to the March 9 decision by Google, U.K. songwriters and composers represented by PRS for Music have launched a new Web site fairplayforcreators.com to urge Google to restore music videos to YouTube and to campaign for fair payment for the use of their music. The site has the backing of Abba's Bjorn Ulvaeus and Robbie Williams songwriter Guy Chambers, among others.

The U.K.'s Music Publishers Association (MPA) has voiced its concern at Google's decision to remove music videos from YouTube, while there are reports the dispute could affect the MySpace Music service in the U.K, which is negotiating rates ahead of a planned launch of the MySpace Music service offering full album streams in the U.K.

Rival music video services have stepped into the row, with Dublin-based Muzu.tv's managing director Mark French criticising YouTube for not being able to pay the PRS for Music rate.

OUT-LAW News 10 March

Billboard.biz (Andre Paine) 25 March, 10 March

Eminem Producers Lose Bid for Massive iTunes Royalties in the US

Music labels can breathe a sigh of relief after a jury concluded that sales through digital download stores like iTunes should be treated like CDs for the purposes of paying royalties.

Eminem's former production team, F.B.T. Productions, sued Universal over the issue in 2007. F.B.T. claimed that, when Universal provided music to stores like iTunes, it was actually "licensing" the tunes to another distributor rather than distributing them itself.

The distinction makes a huge difference in the royalty rate: Eminem received a 12% royalty on CDs, which Universal distributed, but a 50% royalty whenever the music was "licensed."

However, a jury decided that digital downloads were to be treated like a distribution and not a license, even though it's the digital download stores that actually make the copies offered for sale.

The jury's decision means record labels will continue to control most of the revenues from album sales. Artists and production companies have called for more proceeds from the online music marketplace as the record labels' overhead is much lower since companies like Apple are responsible for the marketing, management, delivery, and so on.

Ars Technica (Nate Anderson) 10 March

Apple Insider (Zach Spear) 9 March

Japan - JASRAC and FTC in Dispute over Broadcast Remuneration

Japanese collection society JASRAC has been issued with a cease-and-desist-order based on accusations from the country's Fair Trade Commission (FTC). The order stated that JASRAC had been contravening Article 3 of Japan's Antimonopoly Act, which prohibits private monopolization. According to the FTC, JASRAC's method of calculating broadcast royalties is biased toward the artists it represents.

JASRAC has a blanket licensing arrangement with broadcasters such as NHK, Japan's public broadcaster, and commercial TV stations that allows broadcasters to air all songs whose copyright are managed by the society. In exchange, the broadcasters pay JASRAC 1.5% of their broadcast business revenue. But broadcasters must pay it additional fees for the use of music not covered by it, a practice the FTC says unfairly excludes such artists and performers. The order states that this form of licensing "is substantially restraining competition in the field of licensing of the managed music works associated with broadcasting (...)"

The order calls for JASRAC to change the method it uses to collect broadcast revenues. In response, JASRAC issued a statement claiming that the FTC misinterpreted and misapplied the relevant law, and it is filing a request for a hearing. JASRAC also criticized the order for failing to suggest a method for the collection of broadcast royalties and said that it needed the complete cooperation of the broadcasters to obtain details of the musical works they use in their programming.

Music&Copyright 5 March

Managing Intellectual Property 5 March

4. LEGISLATION

Commission Requests Luxembourg to Comply with Court Judgements

Under Article 228 of the EC Treaty, the Commission sent a letter of formal notice to Luxembourg requesting full information on its compliance with the judgment of the Court on implementation of the Directive on enforcement of intellectual property rights.

In February 2008, the European Court of Justice delivered a judgment against Luxembourg for having not implemented Directive 2004/48/EC on enforcement of intellectual property rights in due time.

EC Rapid Press Release 19 March

UK Government Outlines New Creative Industries' Rights Agency

The U.K. government began consultation on a proposed digital rights agency which was proposed in the government's recent Digital Britain report as one of the measures aimed at reducing the amount of copyright infringement and piracy in the UK. The report proposed new laws that would force ISPs to gather information on copyright infringing customers and pass it on to rights holders when presented with a court-issued warrant.

Creators, commercial rights-holders and consumer groups are being asked to respond to the government discussion paper on the role of such an agency and the impact it would have in combating unlawful online file-sharing and piracy.

David Lammy, minister of state for intellectual property and Lord Carter, minister of state for communications, technology and broadcasting made clear that the industry must engage fully

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to “facilitate a major change of approach across the whole value chain as to how content is provided, packaged and sold to consumers.”

If there is not cooperation on the complementary legislative measures to create a self-regulatory framework, then the government will step in to tackle P2P file-sharing.

Key issues raised in the discussion paper, published by the Intellectual Property Office, include how to educate and change consumer behavior regarding copyrighted material; measures to support industry efforts in developing new legal ways for consumers to access content; how to support legislation to address consumer activity that breaches civil copyright law and tackle persistent infringement; and methods of technical copyright-support solutions that work for both consumers and content creators.

Issues for consultation on the legislative action on file-sharing include measures to make it easier for rights holders to target the worst offenders and take legal action, and for ISPs to make it clear to subscribers that P2P activity is not anonymous. There is also a proposal for a binding code of conduct that would include measures for ISPs to restrict the network access of repeat offenders, with the rights agency to have a role to oversee enforcement.

There are also questions surrounding whether or not the rights agency should be an independent industry body with back-up legal powers held by government regulator Ofcom. The Government has asked for responses to its proposals by 30th March.

OUT-LAW News 17 March

Billboard (Andre Paine) 13 March

5. ONLINE USE

File-Sharing: Irish and New Zealand ISPs React

Following an out of court settlement with Irish ISP Eircom in January, the Irish Recorded Music Association representing the four majors - EMI, Sony-BMG, Universal, and Warner - wrote to other ISPs demanding that they implement a French-style “three strikes” rule and universally block websites the music industry claims give illegal access to copyrighted music.

However, ISPAI (The Internet Service Providers’ Association of Ireland) has responded with a statement rebuffing the majors’ “spurious” threats of legal action over broadband subscribers who are infringing copyright insisting that the labels’ demands could threaten users’ privacy and damage Ireland’s e-commerce sector.

ISPAI said that it will continue to cooperate within the existing legal parameters of Irish law, which “provides an avenue for the pursuit of people breaching copyright through the courts.” ISPAI members include BT Ireland, O2, Verizon Ireland, Vodafone, Clearwire, Google Ireland, UPC Ireland, and...Eircom.

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In New Zealand, Section 92A of New Zealand's Copyright Amendment Act states that an ISP "must adopt and reasonably implement a policy that provides for termination, in appropriate circumstances, of the account with that Internet service provider of a repeat infringer".

Section 92A of New Zealand's Copyright Amendment Act was due to come into effect on February 28, but last month New Zealand's prime minister John Key delayed the implementation of the law by a month to give time for a voluntary code of practice to be worked out between the ISPs and the copyright owners.

The country's third largest ISP TelstraClear has announced it will not be signing up for a voluntary code of practice being developed by the Telecommunication Carriers Forum (TCF) to guide its members on how to meet the new law's requirements. The controversial clause (section 92A) in the new legislation compels ISPs to develop policies to terminate the accounts of persistent copyright offenders.

Since TelstraClear is part of the TCF, a formal code can not be finalized because the organization's constitution requires full agreement of all its members.

"Allowing section 92A to come into force in its current format would not be appropriate given the level of uncertainty around its operation" said the country's commerce minister, Simon Power, in a statement on 23 March. "While the government remains intent on tackling this problem, the legislation itself needs to be re-examined and reworked to address concerns held by stakeholders and the government", said Power.

Managing Intellectual Property 23 March

Billboard.biz (Andre Paine) 19 March

Billboard.biz (John Ferguson) 16 March

The Register (Austin Modine/Music and Media) 17 March

Norway Education Minister: There's no Future in Fighting P2P

As the IFPI pressures Norwegian ISPs to begin blocking the Pirate Bay, Norway's Minister of Education, Bård Vegar Solhjell, has spoken out against measures to fight illegal file sharing. In his blog, Mr Solhjell wrote that non commercial file sharing should be legal in Norway and that file sharing is not only a great way to discover new music, but that "there is no future in fighting" against file sharing services.

Mr Solhjell also criticized "fears" surrounding new technology.

As part of a move to ease the situation, he stated that his party would "explore the possibility of legalizing non-commercial file-sharing of music performed by private persons, in combination with a licensing solution for payment to the licensees."

He went on to note that artists should still get paid for their work, and discusses the ad-supported revenue model for streaming music that has worked for radio for so long.

Norway's largest ISP, Telenor, has spoken out against the IFPI's request saying that they "believe the correct way to go to deal with illegal file sharing, is to facilitate legal downloadable content."

Ars Technica (Jacqui Cheng) 24 February

Music&Copyright 5 March

German Book Publishers Want to Sue Thousands of File Sharers for Copyright Infringement

German book publishers have announced that they plan to sue thousands of file sharers for copyright infringement. Alexander Skipis, head of the German book publishers' association, used the Leipzig book fair to announce a lawsuit campaign similar to that waged by the music industry.

The details of the publishers' legal campaign are still unknown. Skipis echoed music industry representatives demanding that ISPs should help to curb file sharing by forwarding warning letters and cut off repeat infringers - a controversial strategy also known as three strikes. Unfortunately for German publishers, there is no chance that this will become law in Germany anytime soon. The country's Secretary of Justice Brigitte Zypries recently called three strikes "a completely unreasonable punishment."

P2P Blog (Janko Roettgers) 15 March

France: A Number of French Websites Blacked Out to Protest Piracy Bill

As France's National Assembly considers a law that would cut off access to the internet to those who are found to be repeatedly downloading copyrighted material without permission, "tens of thousands" of websites across the country and beyond have gone dark in a 'black-out' protest against the measures.

On 11 and 12 March, the French parliament debated the "creation and internet" law that introduces the three strikes response against illegal downloading.

The legislation has already passed in the Senate. In the lower house, the bill is facing stiffer resistance as webservers mobilise against the law.

La Quadrature du Net (Squaring the Net), a French internet civil liberties pressure group backed by the Open Society Institute and the Electronic Frontier Foundation, has successfully organised a 'Black-out' protest, in which web designers, bloggers and others on the internet darken their web pages in protest at the bill.

Facebook profiles are also being blacked out, and, in the first such protest of its kind in France, users of Twitter, the increasingly popular micro-blogging service, are blacking out their avatars as well.

In the French Lower house on 12 March, deputies were expected to hold an extended sitting into the middle of the night to debate the bill, but discussion was likely be suspended and only resumed at some point at the end of the month or the beginning of April.

EU Observer (Leigh Phillips) 13 March

It's Not a Crime to Download, Say Musicians of UK Featured Artists Coalition

Musicians including Robbie Williams, Annie Lennox, Billy Bragg, Blur's David Rowntree and Radiohead's Ed O'Brien said that the public should not be prosecuted for downloading

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illegal music from the internet. At its inaugural meeting, the Featured Artists Coalition, which consists of 140 of Britain's biggest rock and pop stars, said that companies such as MySpace and YouTube should be required to remunerate the artists when they use their music for advertising.

Bragg told *The Independent* that most of the artists had voted against supporting any move towards criminally prosecuting ordinary members of the public for illegally downloaded music.

The musicians will express their views to minister of state for communications, technology and broadcasting Lord Carter, who suggested that individuals downloading music illegally should be brought to justice.

Bragg was speaking as a key member of the coalition. It is pushing for a fairer deal for musicians at a time when they can use the internet to forge direct links with their fans.

The Independent (Arifa Akbar, Arts Correspondent) 12 March

Latvia: Police Close Bit Torrent Trackers

As part of ongoing attempts to prevent the distribution of BitTorrent trackers, police in Latvia have closed two web sites hosting such tracker. Last year the largest tracker site, File.lv, was taken offline but even if a lawsuit against the backers of the site is ongoing, it has become available again.

Music&Copyright 5 March

SpiralFrog Shuts Down

Ad-supported music service Spiralfrog which paid millions in licensing fees to the major record labels has recently shut down. Spiralfrog was one of the first digital music services to attempt the still experimental ad-supported business model. The service operated much like a subscription music site only that instead of paying a monthly fee, users needed to visit the site at least once a month. The more likely cause of Spiralfrog's demise was its use of DRM to compel users to visit the site to update their files which also meant that songs couldn't be played on an iPod.

Spiralfrog also suffered from newer ad-supported services that emerged with a more flexible model, namely on-demand streaming services like imeem. To be sure, these services have their own struggles, but they pay less in licensing fees for an on-demand stream than for a download.

Billboard.biz (Antony Bruno) 20 March

6. MISCELLANEOUS

Finnish Parliament Approves e-mail Tracking Law

The Finnish Parliament approved controversial legislation that allows employers to track workers' e-mails. The new law, which is subject to the president's approval, does not allow employers to read employees' e-mails. Instead, it gives them the right to track workers' e-mails by retaining information about such messages, including the recipients, senders and the time when e-mails have been sent or received. It also allows them to see if e-mails contain attachments.

Employers' organizations have strongly supported the law, saying it will help combat industrial espionage. Opponents say it will infringe on people's privacy.

Local media dubbed the law "Lex Nokia" - Latin for "Nokia's Law" - after news reports that the world's largest mobile phone maker had threatened to move its headquarters out of Finland if the legislation was not approved.

W Top (Matt Huuhtanen/Associated Press)

Google Launches Behaviour-Tracking ad System

Google has launched a behavioural advertising system which will track users' online activity to display to them adverts it thinks will be more relevant to them. The company said users will be alerted to the activity through labels on ads.

Behavioural advertising systems such as the internet service provider (ISP) traffic-intercepting system proposed by Phorm have run into controversy over the degree to which people were informed about and able to opt out of the system.

Google's system initially will work only on its YouTube video sharing site and on websites which use its AdSense technology to choose and display ads. Searches at Google.com will not be affected during the pilot phase.

Google said that it recognised that tracking systems raise privacy concerns and that it was "committed to transparency and user choice".

"We already clearly label most of the ads provided by Google on the AdSense partner network and on YouTube," said Susan Wojcicki, Google product manager.

Google's system will differ from others by allowing users to edit the list of interests that Google creates by observing people's web surfing, adding or removing categories of interest.

"While interest-based advertising can infer your interest in adventure travel from the websites you visit, you can also choose your favourite categories, or tell us which categories you don't want to see ads for," said Wojcicki. "Interest-based advertising also helps advertisers tailor ads for you based on your previous interactions with them, such as visits to their websites."

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Behavioural systems are popular with advertisers because they reduce wasteful spending on people who would never be interested even in a particular category of products never mind their own product.

They are popular with web publishers because the systems bring in advertisers and ensure an income stream.

Google said that users will be able to opt out of the service altogether, and that it has designed a plug-in for browsers that means that the opt-out will survive any deletion of cookie files.

The Internet Advertising Bureau (IAB) last week published guidelines for behavioural advertising with Google as one of the signatories to the principles it established.

Google said that users could find out about the tracking at its Privacy Center; from clicking on the 'ads by Google' notice on ads themselves; and at its Ad Preferences Manager, though it is not clear how users will be informed of the practice in the first place.

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