SanomaWSOY

European Commission
The Directorate General Information Society and Media
The Audiovisual and Media Policies Unit

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PUBLIC CONSULTATION ON CONTENT ONLINE IN THE SINGLE MARKET

The Response by SanomaWSOY Corporation to the European Commission
Public Consultation, July 2006

EXECUTIVE SUMMARY

SanomaWSOY Corporation welcomes the opportunity to contribute to the EC
Public Consultation regarding the Content Online in the Single Market.

In particular, we would like to underline the following issues:

Facilitate the acquisition of copyright

Although the harmonisation of certain rights and related rights at European
level has established a balance between the interests of rights holders and
users, the ownership of those rights has never been resolved. Therefore we
believe that overall the current copyright legislation at both European level
and in many Member States does not contribute to the creation of new
competitive European online content and services by online content industry
in Europe. This is because the acquisition of copyright does not meet the
requirements of European Information Society. In order to achieve sufficient
and fair harmonization in the field of copyright in a commercial online
environment, the scope of copyright protection should be harmonized without
delay, and assign ownership of copyright to the employer by law in Europe.

Facilitate the use of various platforms

European copyright legislation does not facilitate the use of various platforms
by online content industry in Europe and modification of works to be used in
such platforms. The current processes regarding acquisition of copyright are
among other things too burdensome, expensive and time-consuming. Any
new platform for essentially same online content or service to the same
consumer/user at the same time cannot be the basis for new compensation
for collecting societies any more than for employees. In order to facilitate
Europe's culturally diverse online content and service offerings' competition
with worldwide online content and service there is no room or basis to the
right for double, or even multiple, compensation.

Minimise the role and amount of administrative intermediates

In an online environment, there is a great risk of the dilution of European publishers' revenue streams due to the tendency to extend the role of collecting societies in some Member States (e.g. in Finland by introducing a contractual license scheme). The extension of the role of collecting societies, and other similar middlemen, endangers the future of the online content industry in Europe. Packaging and distribution of online content and services is a core business of European publishers and broadcasters in an online environment. Collective societies were founded to manage the mass use of copyrighted works (e.g. photocopying), where their role is still important. Mass use societies should only cover situations, where there are lots of users, the purpose and quantity of use is hard to identify and there are plenty of right holders, whose works are used, and the sale of these use rights does not form any essential part of their businesses.

Stop online piracy

Online content and services produced by European online content industry are endangered due to dilution of revenue streams because of parasitic behaviour of content aggregators and search engines, the new forms of online piracy. These online pirates do not carry any responsibility over content, or make any extensive financial investments into the creation of online content and services. In all regulative actions, a clear distinction should be made between publishers and broadcasters and content aggregators (incl. add financed, personalized search engines) that take no responsibility over the content or investments thereto, as well as other similar free-riders.

Limit the mandate of public, subsidised institutions

Any extension of the role of public institutions, e.g. libraries, public service broadcasters and educational institutions (i.e. schools, vocational education institutions, polytechnics, etc.) and even a current role in online environment easily constitutes unfair competition and creates a threat for the free European commercial online industry. European online content industry is much more vulnerable because of the publicly funded online content or services than traditional offline content or linear audiovisual services. Neither European Union level nor national public funding should be misused in the production of new public online content or services that compete with European commercial content and services production e.g. in educational publishing. Said misuse leads to weakening of commercial online content and services market and decreases the national tax revenues. In addition in the area of educational publishing it is essential to concentrate the role of teachers and other professionals of the educational institutions to education and teaching instead of ad hoc content production. Because of their long tradition of high-quality educational content production educational publishers play an important role in the development of educated European information society. The European information society cannot afford any infringement to the clear roles of private and public players.

Strengthen the general understanding of copyright

Rapid technological development of online technologies has created a false assumption of "free online content" in the heads of European citizens, public institutions and even legislators. E.g. even a basic understanding regarding connection between the protection of publishers' investments and copyright or

other IPR protection seems to be lost. There is a great need for raising awareness of the meaning and economic rationale of copyright protection as well as other legislation relating to online content and services. In addition, there is a great need for concentration on European online content and services instead of technology driven approach.

Increase media literacy

There is far too much both European and national level legislation covering online environment. Extensive legislation is challenging to comply with, very challenging to comprehend and has a negative impact on developing trust in and take-up of new creative content services online. Especially in the field of protection of consumers, e.g. both minors and parents, one should concentrate on educative actions. As there has been a great demand of high-level literacy of text in Europe in offline environment, in online environment there is even greater demand of literacy of moving images. In order to avoid new complicated legislation and non-realistic complicated regulation which also threatens the freedom of the speech in Europe, there is a need to teach European citizens to read and understand images, both moving and still.

Strengthen the role of self-regulation

The importance of the role of self-regulation by the market players (e.g. publishers and broadcasters) is ever increasing in an online environment. Any additional restrictive legislation would only hamper development of new competitive online content and services. There is no need for additional legislation or other restrictions on advertising either in online or offline environment as the existing legislation completed with self-regulation is sufficient enough.

Ensure competitiveness of European publishing industry

European online content and services compete with the rest of the world (i.e. for example with online content industry of the USA). The European online and offline publishing industry cannot afford any European level legislative initiatives regarding media pluralism or media concentration. Any such action would risk free commercial European content production and the basis of the freedom of the speech principal in democratic Europe. Especially in small countries with small linguistic areas, where advertising markets are relatively small, the competition against e.g. US competitors requires strong independent publishers, and therefore issues like e.g. pluralism, unfair competition and dominant position cannot be assessed fully similarly than in bigger countries and linguistic areas.

Ensure interoperability between content/services and devices and open access to networks by these devices

The European citizen as user/consumer of online content and services must have a right to use online services and enjoy online content instead of being bound to use multiple devices for accessing the online content and services. The user/consumer should be able to access and use online content and services irrespective the terminal device in use. In order to avoid closed systems that, among other things, undermine the respect of copyright protection the open standards should be adopted as soon as possible. European telecom operators should not be allowed to create thresholds for

competition by packaging end user devices and access to specific content services.

Allocate funding to educational institutions for acquisition of user rights

European Union or Member States level public funding may not be misused in directing funds to production of new online content or services by public institutions instead of directing the funding in acquisition of high-level commercial educational content and services as well as proper online devices. The availability of online devices (e.g. broadband connections and personal computers) at European educational institutions is not at a sufficient level, which creates one more concern for developing take-up of new creative online educational content services. In the field of public education the concern is that the educational institutions are not able to take up new creative educational content services online, because of the burdensome obligations of public procurement. Current requirements of public procurement are not suitable for the take-up of new creative educational online content services, as the new creative component of the service is usually undervalued in a public procurement process. The current legislation leads to that the focus is on price and not on quality or on take-up of new creative content services online.

Do not tax reading

Literacy of European citizens has been at a high level. This should not be endangered by taxation that would lead to unaffordable prices of multiple and diverse European content in an online environment as it would impact younger generation of Europeans in particular. The reduced or zero value-added tax ("VAT") rate of online newspapers and magazines should not be removed. The said publications should be subject to reduced or zero VAT rates in Europe regardless of how they are distributed.

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ANSWERS TO THE PUBLIC CONSULTATION

Types of creative content and services online

1) *Do you offer creative content or services also online? If so, what kind of content or services? Are these content and services substantially different from creative content and services you offer offline (length, format, etc.)?*

SanomaWSOY Group offers a wide range of creative content and services online. Examples of these creative online content and service offerings are the following:

Audiovisual media online

1) Pay-tv operations (e.g. www.welho.fi); 2) Television programmes (e.g. www.nelonen.fi); 3) Interactive online videos (e.g. www.nelonen.fi/hauskatnettivideot/); 4) Music online, music downloads (e.g. http://musiikki.welho.fi/Magellan/pages/main.jsp?storeId=12651); 5) Radio online (e.g. www.radiohelsinki.fi);

Games online

Please note that we do not offer online games of chance.

4) Online games (e.g. www.iltasanomat.fi/pelit/nettipelit.asp);

Online publishing

5) Newspapers online (e.g. www.helsinginsanomat.fi, www.taloussanomat.fi; 6) News online (e.g. www.nu.nl, www.esmerk.fi); 7) Magazines online (e.g. www.cosmopolitan.fi, www.hyvaterveys.fi); 8) eBooks;

Educational content

9) Educational online content, virtual learning environment services and communities for educational providers, professional training for corporate sector, teachers, pupils and their parents (e.g. www.opit.fi, www.ydp.com.pl);

Other creative online services

10) Search of information (classified advertising and online market places) (e.g. www.ilse.nl, www.startpagina.nl, www.startlap.hu, www.oikotie.fi, www.keltainenporssi.fi, www.huuto.net); 11) Online reference works (encyclopedias, dictionaries, corporate information services) (e.g. www.fakta.fi, www.WSOYpro.fi)); 12) Virtual communities (e.g. www.mbnet.fi, www.nlcafe.hu, www.cu2.nl, www.vauva-lehti.fi); and 13) News archive services (www.hs.fi/arkisto/).

In many cases online creative content and services are more interactive and modular compared to their offline counterparts or they do not have counterparts at all in the offline world.

2) *Are there other types of content which you feel should be included in the scope of the future Communication? Please indicate the different types of content/services you propose to include.*

No.

Consumption, creation and diversity of online content

3) *Do you think the present environment (legal, technical, business, etc.) is conducive to developing trust in and take-up of new creative content services online? If not, what are your concerns: Insufficient reliability / security of the network? Insufficient speed of the networks? Fears for your privacy? Fears of a violation of protected content? Unreliable payment systems? Complicated price systems? Lack of interoperability between devices? Insufficient harmonization in the Single Market? Etc.*

The present legal environment is not conducive to developing take-up of new content services online. There are several significant concerns in this field:

1) Because the question of ownership of rights has not been resolved, current copyright legislation at both European level and in many Member States does not contribute to the creation of new competitive European online content and services by online content industry in Europe, as the acquisition of copyright does not meet the requirements of European Information Society. In order to achieve sufficient and fair harmonization in the field of copyright in a commercial online environment, the scope of copyright protection should be harmonized without delay.

→ Facilitate the acquisition of copyright and assign ownership of copyright to the employer by law in Europe to support the European media industry and give it an equal basis to compete with its US counterparts.

→ The assigning of full ownership of financial copyrights to the employer by law could be realized as follows: a) Same wording as copyright in databases and software programs; b) Moral rights of authors remain subject to existing solutions. c) The amendment would cover only copyright protected works, photographs, directories and databases born under employment and would be applied only to employees and civil servants who have been remunerated by salary; d) The amendment would not apply to e.g. writers of books who are not writing under employment relationship, nor to freelancers, performing artists etc.; e) There would not be any retroactive impact for the amendment; and f) There would always exist a possibility to agree case by case on the right for an employee to exploit protected material e.g. for non-commercial purposes.

2) European copyright legislation does not facilitate the use of various platforms by online content industry in Europe and modification of works to be used in such platforms. The current processes regarding acquisition of copyright are among other things too burdensome, expensive and time-consuming. Any new platform for essentially same online content or service to the same consumer/user at the same time cannot be the basis for new compensation for collecting societies any more than for employees. In order to facilitate Europe's culturally diverse online content and service offerings' competition with worldwide online content and

service there is no room or basis to the right for double, or even multiple, compensation.

→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect; remove the artificial basis for double, or even multiple, compensation to copyright societies.

3) In an online environment, there is a great risk of the dilution of European publishers' revenue streams due to the tendency to extend the role of collecting societies in some Member States (e.g. in Finland by introducing a contractual license scheme). The extension of the role of collecting societies, and other similar middlemen, endangers the future of the online content industry in Europe. Packaging and distribution of online content and services is a core business of European publishers and broadcasters in an online environment. Collective societies were founded to manage the mass use of copyrighted works (e.g. photocopying), where their role is still important. Mass use societies should only cover situations, where there are lots of users, the purpose and quantity of use is hard to identify and there are plenty of right holders, whose works are used, and the sale of these use rights does not form any essential part of their businesses.

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25% of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined above.

4) Online content and services produced by European online content industry are endangered due to dilution of revenue streams because of parasitic behaviour of content aggregators and search engines, the new forms of online piracy. These online pirates do not carry any responsibility over content, or make any extensive financial investments into the creation of online content and services. In all regulative actions, a clear distinction should be made between publishers and broadcasters and content aggregators (incl. add financed, personalized search engines) that take no responsibility over the content or investments thereto, as well as other similar free-riders.

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of the parasitic linking comparable to any other piracy or counterfeiting.
→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of publishers carrying the responsibility and making the investments constitutes unfair competition and disintegrates the whole basis of the said content and services.

5) Any extension of the role of public institutions, e.g. libraries, public service broadcasters and educational institutions (i.e. schools, vocational education institutions, polytechnics, etc.) and even a current role in online environment easily constitutes unfair competition and creates a threat for

the free European commercial online industry. European online content industry is much more vulnerable because of the publicly funded online content or services than traditional offline content or linear audiovisual services. Neither European Union level nor national public funding should be misused in the production of new public online content or services that compete with European commercial content and services production e.g. in educational publishing. Said misuse leads to weakening of commercial online content and services market and decreases the national tax revenues. In addition in the area of educational publishing it is essential to concentrate the role of teachers and other professionals of the educational institutions to education and teaching instead of ad hoc content production. Because of their long tradition of high-quality educational content production educational publishers play an important role in the development of educated European information society. The European information society cannot afford any infringement to the clear roles of private and public players.

→ Limit the mandate of public institutions (e.g. libraries, public service broadcasters and educational institutions) and financial support of the said institutions to specific non-commercial responsibilities that do not distort the competitive environment of private undertakings.

→ Cut the misuse of public funding and do not fund public institutions such as educational institutions in the areas where they misuse public subsidies to compete with commercial online content or service producers.

→ Ensure the clear roles in the area of educational publishing for both educational publishers as well as teachers and other professionals of the educational institutions: The educational publishers produce the educational content and services, the professionals of the educational institutions concentrate on education and teaching.

6) Rapid technological development of online technologies has created a false assumption of "free online content" in the heads of European citizens, public institutions and even legislators. E.g. even a basic understanding regarding connection between the protection of publishers' investments and copyright or other IPR protection seems to be lost. There is a great need for raising awareness of the meaning and economic rationale of copyright protection as well as other legislation relating to online content and services. In addition, there is a great need for concentration on European online content and services instead of technology driven approach.

→ Strengthen the general understanding of copyright and other Intellectual Property Rights, what these rights safeguard, why they are needed (including rewarding creativity), and what they mean in practice in relation to all content, by giving practical examples of legal and illegal loading etc. for example in a form of Q&A sites.

7) There is far too much both European and national level legislation covering online environment. Extensive legislation is challenging to comply with, very challenging to comprehend and has a negative impact on developing trust in and take-up of new creative content services online. Especially in the field of protection of consumers, e.g. both minors and parents, one should concentrate on educative actions. As there has been a great demand of high-level literacy of text in Europe in offline environment, in online environment there is even greater demand of

literacy of moving images. In order to avoid new complicated legislation and non-realistic complicated regulation which also threatens the freedom of the speech in Europe, there is a need to teach European citizens to read and understand images, both moving and still.

→ Increase media literacy of European citizens to read not only text but also images, both moving and still images instead of attempting to regulate editorial and commercial content and creating threats for freedom of the speech in Europe.

8) The importance of the role of self-regulation by the market players (e.g. publishers and broadcasters) is ever increasing in an online environment. Any additional restrictive legislation would only hamper development of new competitive online content and services. There is no need for additional legislation or other restrictions on advertising either in online or offline environment as the existing legislation completed with self-regulation is sufficient enough. Please see the point 7 above, too.

→ Strengthen the role of self-regulation especially in an online environment instead of introducing new legislative or other restrictions on advertising.

9) European online content and services compete with the rest of the world (i.e. for example with online content industry of the USA). The European online and offline publishing industry cannot afford any European level legislative initiatives regarding media pluralism or media concentration. Any such action would risk free commercial European content production and the basis of the freedom of the speech –principal in democratic Europe. Especially in small countries with small linguistic areas, where advertising markets are relatively small, the competition against e.g. US competitors requires strong independent publishers, and therefore issues like e.g. pluralism, unfair competition and dominant position cannot be assessed fully similarly than in bigger countries and linguistic areas.

→ Ensure competitiveness of European publishing industry against non-European players by not limiting the size of the European companies below their non-European counterparts e.g. in the name of media pluralism, that should be achieved by other means, such as making sure that there are no unnecessary middlemen (see the point 2 above) or free-riders (see the point 3 above).

10) The European citizen as user/consumer of online content and services must have a right to use online services and enjoy online content instead of being bound to use multiple devices for accessing the online content and services. The user/consumer should be able to access and use online content and services irrespective the terminal device in use. In order to avoid closed systems that, among other things, undermine the respect of copyright protection the open standards should be adopted as soon as possible. European telecom operators should not be allowed to create thresholds for competition by packaging end user devices and access to specific content services.

→ Ensure interoperability between online content/services and devices in the online environment as well as prompt adoption of open standards in devices that used in accessing online content and services.

→ Strengthen the appreciation of copyright protection and "free" (i.e. advertising financed) as well as paid European online content and services by facilitating open standard devices, the use of various platforms and the acquisition of copyright.

→ Open access to networks by any end user device is key to sustainable development.

11) European Union or Member States level public funding may not be misused in directing funds to production of new online content or services by public institutions instead of directing the funding in acquisition of high-level commercial educational content and services as well as proper online devices. The availability of online devices (e.g. broadband connections and personal computers) at European educational institutions is not at a sufficient level, which creates one more concern for developing take-up of new creative online educational content services. In the field of public education the concern is that the educational institutions are not able to take up new creative educational content services online, because of the burdensome obligations of public procurement. Current requirements of public procurement are not suitable for the take-up of new creative educational online content services, as the new creative component of the service is usually undervalued in a public procurement process. The current legislation leads to that the focus is on price and not on quality or on take-up of new creative content services online.

→ Allocate funding to educational institutions (i.e. schools, vocational education institutions, polytechnics, etc.) in order to acquire user rights for educational content and services as well as to up-date the online devices of these institutions.

→ Amend the rules of public procurement in relation to educational content so that the quality of educational content or service as well as facilitation of the take-up of new creative content services online is possible to take into account.

12) Literacy of European citizens has been at a high level. This should not be endangered by taxation that would lead to unaffordable prices of multiple and diverse European content in an online environment as it would impact younger generation of Europeans in particular. The reduced or zero value-added tax ("VAT") rate of online newspapers and magazines should not be removed. The said publications should be subject to reduced or zero VAT rates in Europe regardless of how they are distributed.

→ Do not tax reading in online and offline environment.

4) *Do you think that adequate protection of public interests (privacy, access to information, etc) is ensured in the online environment? How are user rights taken into account in the country you live / operate?*

Protection of public interests is ensured on an adequate level in online environment. In many cases the protection of public interests (e.g. access to information) is much better ensured in the online than offline environment.

It is important to note that the right to access and use user/consumer information (i.e. customer information) is essential for online content publishers in order to provide users/consumers with new competitive online content and services. European online content industry cannot afford any

restrictions or limitations in this respect, if they are to compete successfully with their US counterparts.

E.g. in Finland the user's rights have been taken into account in order to establish a reasonable balance between the right holders and public interests. Any extension of user rights in the online environment should be realised only by the European market of online content and services, not by European or national level legislators.

In addition, please note the following:

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of that parasitic linking comparable to any other piracy or counterfeiting.
→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of responsible publishers constitutes unfair competition and disintegrates the whole basis of the said content and services.
→ Strengthen general understanding of copyright and other Intellectual Property Rights, what these rights safeguard, why they are needed (including rewarding creativity), and what they mean in practice in relation to all content, by giving practical examples of legal and illegal loading etc. for example in a form of Q&A sites.
→ Limit the mandate of public institutions (e.g. libraries, public service broadcasters and educational institutions) to specific non-commercial responsibilities that do not distort the competitive environment of private undertakings.
→ Ensure the clear roles in the area of educational publishing for both educational publishers as well as teachers and other professionals of the educational institutions: The educational publishers produce the educational content and services, the professionals of the educational institutions concentrate on education and teaching.

5) *How important for you is the possibility to access and use all online content on several, different devices? What are the advantages and / or risks of such interoperability between content and devices in the online environment? What is your opinion on the current legal framework in that respect?*

It is very important for the future development of European creative online content services, manufacturers of devices as well as Europeans as users/consumers of online content and services that all online content can be accessed and used on several different devices. The advantages of such interoperability consists of, among other things, wider accessibility of multiple and diverse European content instead of technology driven closed systems and better acceptance of the European creative online content services as well as copyright protection by the consumers.

In addition, please see the answer 3 and, in particular, note the following, especially regarding the legal framework:

→ Open access to networks by any end user device is key to sustainable development.

→ Ensure interoperability between online content/services and devices in the online environment as well as prompt adoption of open standards in devices that used in accessing online content and services.

→ Strengthen the appreciation of both copyright protection and "free" (i.e. advertising financed) as well as paid European online content and services by facilitating open standard devices, the use of various platforms and the acquisition of copyright.

6) *How far is cultural diversity self-sustaining online? Or should cultural diversity specifically be further fostered online? How can more people be enabled to share and circulate their own creative works? Is enough done to respect and enhance linguistic diversity?*

In an online environment the publishers and broadcasters provide European users/consumers with wide range of interactive online services that facilitate both circulation of creative works by European users/consumers and enhancing of linguistic diversity. These interactive online services include e.g. interactive online videos and virtual communities for specified groups. As a part of the publishers' "360 degree publishing" these interactive online services under the publishers' brands form a good-quality and reliable environment for the users/consumers to contribute with their own creative content and to share it with others, too.

In order to facilitate the circulation of such creative works in a reliable online environment the users/consumers should be able to contribute their creative works to the said services as smoothly as possible without any restrictions as regards to devices or networks.

In small market and linguistic areas there are traditionally less cultural diversity as in larger such areas. In online content and services as well as in offline content the publishers and other online media players with long experience of local culture play an important role in guaranteeing strong cultural diversity in online content and services. In order to facilitate cultural diversity, e.g. in terms of linguistic diversity, in online environment, it is essential to give the publishers better tools for acquiring copyright and means to compete with e.g. USA online content industry. There is no basis for any restrictions to ownership of media in these small markets or linguistic areas, on the contrary.

Please also see the answer 3 and, in particular, note the following:

→ Ensure interoperability between online content/services and devices in the online environment as well as prompt adoption of open standards in devices that used in accessing online content and services.

→ Strengthen the appreciation of both copyright protection and "free" (i.e. advertising financed) as well as paid European online content and services by facilitating open standard devices, the use of various platforms and the acquisition of copyright.

→ Open access to networks by any end user device is key to sustainable development.

→ Ensure competitiveness of European publishing industry against non-European players by not limiting the size of the European companies below their non-European counterparts e.g. in the name of media pluralism, that should be achieved by other means, such as making sure that there are no unnecessary middlemen (see the point 2 of the answer 3) or free-riders (see the point 3 of the answer 3).

Competitiveness of European online content industry

7) *If you compare the online content industry in Europe with the same industry in other regions of the world, what in your opinion are the strengths and weaknesses of our industry in terms of competitiveness? Please give examples?*

The main strength of European online content industry is Europe's cultural and linguistic diversity and appreciation of high-level education among the citizens.

The main weaknesses of online content industry in Europe in terms long-term economic interests are in the area of acquisition of copyright that leads among other things to weak competitiveness of online content industry in Europe against the US online content players and inequality within the online content producers within European internal market.

European online content and services cannot afford complicated copyright structures and any new collecting societies, levies or other added costs in competition of other regions of the world. There is no need for any new roles for the collecting societies in an online environment.

Due to inefficient acquisition of copyright, among other things, the European online content industry is not provided with adequate means to compete outside of Europe for example in the area of education content. The competitiveness of multiple and diverse European content industry should be facilitated also in other continents.

Please also see the answer 3 and note especially the following:

→ Facilitate the acquisition of copyright and assign ownership of copyright to the employer by law in Europe to support the European media industry and give it an equal basis to compete with its US counterparts. See also the limitations represented in the point 1 of the answer 3.
→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect: remove the artificial basis for double, or even multiple, compensation to copyright societies.
→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25 % of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the answer 3, point 3.
→ Ensure competitiveness of European publishing industry against non-European players by not limiting the size of the European companies below their non-European counterparts e.g. in the name of media pluralism, that should be achieved by other means, such as making sure that there are no unnecessary middlemen (see the point 2 above) or free-riders (see the point 3 above).

New business models and transition of traditional ones into the digital world

8) *Where do you see opportunities for new online content creation and distribution in the area of your activity, within your country/ies (This could include streaming, PPV, subscription, VOD, P2P, special offers for groups or communities for instance schools, digital libraries, online communities) and the delivery platforms used. Do you intend to offer these new services only at national level, or in whole Europe or beyond? If not, which are the obstacles?*

There are opportunities for new online content creation and distribution in most areas of SanomaWSOY Group's online content and service activities within its operating countries or in whole Europe.

Due to the challenging rights acquisition and cultural / linguistic reasons most online content and services are offered in respective specific language areas and countries.

Educational content example
At the moment insufficient device penetration and broadband penetration restrict development of new creative educational online content and services. For example educational online content and services could be offered in larger scale in our operating countries, in whole Europe or even beyond, but the lack of funds among educational institutions (i.e. schools, vocational education institutions, polytechnics, etc.) earmarked for acquisition of user rights of new creative online content and services and to up-date their online devices (e.g. personal computers) and non-professional maintenance of ICT infrastructure create obstacles for these opportunities.

Instead of own, publicly subsidised educational content and service production that distorts competition, the funding of educational institutions should be directed and earmarked to acquisition of user rights of new creative online content and services produced by educational publishers.

Please see also the answer 3 and note, in particular the following:

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25 of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.
→ Ensure competitiveness of European publishing industry against non-European players by not limiting the size of the European companies below their non-European counterparts e.g. in the name of media pluralism, that should be achieved by other means, such as making sure that there are no unnecessary middlemen (see the point 2 of the answer 3) or free-riders (see the point 3 of the answer 3).
→ Amend the rules of public procurement in relation to educational content so that the quality of educational content or service as well as facilitation of the take-up of new creative content services online is possible to take into account.
→ Allocate funding to educational institutions (i.e. schools, vocational education institutions, polytechnics, etc.) in order to acquire user rights for educational content and services as well as to up-date the online devices of these institutions.

→ Open access to networks by any end user device is key to sustainable development.

→ Ensure interoperability between online content/services and devices in the online environment as well as prompt adoption of open standards in devices that used in accessing online content and services.

→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect: remove the artificial basis for double, or even multiple, compensation to copyright societies.

→ Strengthen the appreciation of both copyright protection and "free" (i.e. advertising financed) as well as paid European online content and services by facilitating open standard devices, the use of various platforms and the acquisition of copyright.

9) *Please supply medium term forecasts on the evolution of demand for online content in your field of activity, if available.*

The demand for online content and services will increase in Europe depending e.g. on the penetration of broadband infrastructure and open standards devices. There will be parallel online and offline content offerings for European users/consumers. New online content and services with offline offerings enable new multitasking services.

10) *Are there any technological barriers (e.g. download and upload capacity, availability of software and other technological conditions such as interoperability, equipment, skills, other) to a more efficient online content creation and distribution? If so, please identify them.*

Please see the answer 5.

11) *What kind of difficulties do you encounter in securing revenue streams? What should in your view be the role of the different players to secure a sustainable revenue chain for creation and distribution online?*

We have encountered the following rapidly increasing difficulties in securing revenue streams:
- dilution of revenue streams due to inability to test new content concepts without tenuous copyright discussions and multiple copyright payments for the same online content or service to the same consumer/user in platform preferred by the consumer/user;
- dilution of revenue streams due to parasitic behaviour of content aggregators and search engines;
- dilution of revenue streams due to unauthorized and even authorized use by middlemen such as collective societies;
- dilution of revenue streams due to misuse of public funding that leads to unfair competition by subsidized public services against commercial content and services production.

Ever increasing request for free access to online content and services, which undermines the investments of European content industry and therefore risks creation of multiple and diverse European content and services, can easily lead to a decrease of culturally and linguistically diverse European online content and services which is produced and financially contributed by e.g. publishers. In order to avoid this type of development the Member States and the public institutions (e.g. educational institutions) should be encouraged e.g.

to invest in high-quality professional educational online content or services instead of "poaching" such content or services through e.g. middlemen or search engines.

The role of different players in online content and services should be based on a "fair for all, not free for all" approach in order to secure revenue streams of online content industry in Europe.

In this respect, ACAP (Automated Content Access Protocol) is being developed as an industry standard by the publishing industry, working with search engines and other technical and commercial partners. The ACAP will enable the providers of all types of content published on the www pages to communicate permissions information (relating to access and use of that content) in a form that can be automatically recognised and interpreted, so that the business partners can systematically comply with the publishers' policies. The ACAP pilot project will start in the course of autumn.

The use of technical measures should not be the only path in providing the European users/consumers with economically viable European online content and services. In order to enable European publishers to provide European users/consumers with "free", i.e. advertising financed, online content and services, too, in addition to paid and technically protected content and services, the publishers' investments should be protected by adequate copyright protection.

The online publishers should be encouraged to create own high-quality content and services as well as to take the responsibility over the online content/services as they have done successfully in offline environment for hundreds of years. Culturally and linguistically diverse European future online content and services should be based rather on high-quality content by publishers and other similar content industry representatives in Europe, than unauthorized or even authorized poaching of others content or services by various free-riders.

Either European Union or Member States level public funding may not distort competition in online or offline content and services production. Especially in the new Member States in the area of educational content, the public project and similar funding is ever increasing and leads to a market distortion and decrease in the quality of educational content.

Please see also the answer 3 and note, in particular, the following:

→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect: remove the artificial basis for double, or even multiple, compensation to copyright societies.

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it Their administrative fees alone range from 12–25 % of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of that parasitic linking comparable to any other piracy or counterfeiting.

→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of responsible publishers constitutes unfair competition and disintegrates the whole basis of the said content and services.

→ Limit the mandate of public institutions (e.g. libraries, public service broadcasters and educational institutions) to specific non-commercial responsibilities that do not distort the competitive environment of private undertakings.

→ Ensure the clear roles in the area of educational publishing for both educational publishers as well as teachers and other professionals of the educational institutions: The educational publishers produce the educational content and services, the professionals of the educational institutions concentrate on education and teaching.

Payment and price systems

12) *What kinds of payment systems are used in your field of activity and in the country or countries you operate in? How could payment systems be improved?*

The payment systems include e.g. traditional invoicing, bank payment, online credit card payment and mobile payment. E.g. license fees for longer use right licenses are usually invoiced and paid in a traditional manner.

At the moment there are no reasonable methods of payment for shorter licenses regarding use rights. Teleoperators have not provided online market with reasonable payment systems. For example the smallest payments are not economical to carry out due to lack of reasonable cost-effective payment systems. There is not that much competition among the providers of online payment systems. To summarize, there is a great need for simple, easy and reliable payment systems.

Please see the answer 3, too, and note especially the following:

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12-25 % of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

13) *What kinds of pricing systems or strategies are used in your field of activity? How could these be improved?*

Many online content and services are offered
   a) against a payment on subscription, licensing or pay per view basis; or
   b) against advertising based remuneration.

As the advertising plays an important role in financing e.g. audiovisual media online content and services, the priority should be given to self-regulation of advertising instead of co-regulatory or even legislative actions.

There should not be any restrictions for European users/consumers in accessing networks by any end user device in order to facilitate active use of advertising funded online content and service. Third parties should not be allowed to poach on "free", i.e. advertising financed, content by directing it to their own sites or intranets and thereby eroding the unique visitors/advertising base of said online content and services. As these online content and services are in most cases free of charge (i.e. advertising financed), and open to access, for users/ consumers, there is a great need for adequate copyright protection without compulsory technical measures.

Please see the answer 3 and especially the following:

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of the parasitic linking comparable to any other piracy or counterfeiting.
→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of publishers carrying the responsibility and making the investments constitutes unfair competition and disintegrates the whole basis of the said content and services.
→ Increase media literacy of European citizens to read not only text but also images, both moving and still images instead of attempting to regulate editorial and commercial content and creating threats for freedom of the speech in Europe.
→ Strengthen the role of self-regulation especially in an online environment instead of introducing new legislative or other restrictions on advertising.
→ Ensure interoperability between online content/services and devices in the online environment as well as prompt adoption of open standards in devices that used in accessing online content and services.
→ Strengthen the appreciation of copyright protection and "free" (i.e. advertising financed) as well as paid European online content and services by facilitating open standard devices, the use of various platforms and the acquisition of copyright.
→ Open access to networks by any end user device is key to sustainable development.

Licensing, rights clearance, right holders remuneration

14) *Would creative businesses benefit from Europe-wide or multi-territory licensing and clearance? If so, what would be the appropriate way to deal with this? What economic and legal challenges do you identify in that respect?*

Especially in respect of the publishers' content, licensing and rights clearance in online environment by right holders themselves should be strongly preferred instead of creating more complicated copyright structures and, such as collective societies. The strengthening the position or any other extension of the role of middlemen would only lead to increasing prices for consumers and other users of copyright.

The success of high-quality European online content production regarding e.g. news, educational and entertainment content is based on European publishers' ability to invest in new content products and services in the future. Expansion of collective licensing and rights clearance or any other extension of the role of collecting societies would lead to the opposite direction.

It is important to notice that music has a different role, what it comes to licensing and clearance in online environment, compared to other online content (e.g. news, educational and audiovisual content) due to its character of being non-exclusive mass consumption content and independent of linguistic barriers.

So long as publishers have control over the necessary rights, they are already in a position to licence these across more than one territory, or to organise Europe-wide licensing through local collecting societies if they feel that is appropriate. Together with Digital Rights Management systems the market is already, and even more in the future, offering internal market solutions. There is no need for European Community intervention in this respect, thus a "less interventionist" option should be followed in this field, particularly if a legal system led to compulsory licensing. Publishing industry opposes any limitation of the principle of territoriality which is the foundation of copyright protection for Europe's creative industries.

Online content industry (e.g. the publishers) in Europe cannot afford neither complicated artificial copyright structures nor a dilution of publishers' core revenue streams. Collective licensing and rights clearance by collective societies are acceptable only if these collective activities do not dilute core revenue streams of the original creator/producer (i.e. publisher). Collective licensing should be preferred only in peripheral areas such as photocopying and highly diffuse mass markets (e.g. management of creator's music rights).

The challenge of viable European online content and services is not in licensing and rights clearance but in cost-efficient acquisition of copyright and distribution of copyright protected online content irrespective of devices in use and territory.

Especially in respect of other than music rights, instead of expanding the collective licensing or rights clearance by collecting societies only because such societies are willing to increase their activities, the issue should be solved in more cost efficient and productive way by assigning the ownership of copyright to the employer by law in Europe.

Regarding publishers' content the collective societies are considered similar to search engines and other free-riders "poaching" of others' content, since they do neither take the content responsibility nor carry any of the marketing risks, which play a major role in online environment.

Please see also the answer 3 and note, in particular, the following:

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25 % of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of that parasitic linking comparable to any other piracy or counterfeiting.

→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of responsible publishers constitutes unfair competition and disintegrates the whole basis of the said content and services.

→ Facilitate the acquisition of copyright and assign ownership of copyright to the employer by law in Europe to support the European media industry and give it an equal basis to compete with its US counterparts. See also the limitations represented in the point 1 of the answer 3.

15) *Are there any problems concerning licensing and / or effective rights clearance in the sector and in the country or countries you operate in? How could these problems be solved?*

For example in Finland the launching of mobile television services has not succeeded so far because of collecting societies' demands for double compensation, i.e. television broadcasters ought to pay for the same content distributed to the same audience (group of consumers) at the same time via various networks.

Please also see the answer 3 and note the following there:

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25 % of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

→ Facilitate the acquisition of copyright and assign ownership of copyright to the employer by law in Europe to support the European media industry and give it an equal basis to compete with its US counterparts. See also the limitations represented in the point 1 of the answer 3.

→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect: remove the artificial basis for double, or even multiple, compensation to copyright societies.

16) *How should the distribution of creative content online be taken into account in the remuneration of the right holders? What should be the consequences of convergence in terms of right holders' remuneration (levy systems, new forms of compensation for authorised / unauthorised private copy, etc.)?*

As the digital licensing and rights management systems develop, the right holders', especially publishers', own individual licensing by a direct relationship between the publisher and consumer/user becomes the most important and cost effective tool for licensing of the online content and services. In a market of increasing online content and services has the right

holders' own licensing appeared to be a key driver also taking into account of the interests of the consumers/users and the internal market as a whole.

The consequence of convergence in terms of right holders' remuneration should be phasing out or reduction of levies for online content, since emerging digital rights management tools allow control of private copying by the right holders. Adequate level of remuneration of right holders for private copying or distribution in an online environment should be solely determined by the right holder.

Please see the answer 3 and note especially the following:

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it Their administrative fees alone range from 12-25 of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

Legal or regulatory barriers

17) *Are there any legal or regulatory barriers which hamper the development of creative online content and services, for example fiscal measures, the intellectual property regime, or other controls?*

Copyright regime

The main regulatory barrier hampering the development of creative online content and services is the lack of employer's copyright in most European countries. The acquisition of copyright by online content industry in Europe should be facilitated in cost-effective way by also simplifying the copyright regime in this respect and assign ownership of copyright to the employer by law in Europe.

Among other things the employers copyright would facilitate effective measures for European online content industry in tackling unauthorized use or exploitation in commercial purposes by others, as in an online environment the content and services are vulnerable for such use and exploitation.

The European online content industry cannot afford complicated copyright regime and strengthening of the position of middlemen, such as collective societies. E.g. in the field of publishing industry the publishers that take responsibility over the content as well as carry the financial investments (i.e. pay the salary and other benefits to the authors as well as marketing expenses) should be encouraged to create culturally and linguistically diverse European content.

In addition copyright regime should facilitate the use of various platforms and modification of works to be used in such platforms. Any new platform for essentially same online content or service to the same consumer/user at the same time cannot be basis for new compensation. The view that each new platform or distribution channel leads to a new right for compensation dates back to the times when technology did not produce new platforms or distribution channels in a steady stream. That view is not relevant and it works neither in favour of the content industry nor the users/consumers.

In order to develop creative online content and services taking into account the interests of both consumer/user and online content industry there is no room or basis to the right for double, or even multiple, compensation.

Fiscal measures

In order to improve a high-quality of literacy of both text and moving images and to sustain a competitive level of education the online newspapers and magazines should be subject to the reduced or zero value-added tax ("VAT") rates in Europe regardless of how they are distributed. The distribution channel does not normally change the nature of the services or goods in a way, which would destroy the grounds for the appliance of the reduced VAT rates.

In respect of the newspapers and magazines, the reduced and the zero VAT rate supported for example by the following reasons related to the nature of the product and its important role in the European information society. These reasons apply to both printed and online papers regardless of distribution channel.

Reduced VAT rate supports publication of the paper within a small community on its own language and delivery of the paper to as large reader group as possible in a quick way (online paper available also to remote districts immediately after publishing). Papers, both offline and online publications play material role in the society. They support retention, distribution and strengthening of the local culture, support equality in the society (it has, for example, been investigated that boys read online papers more than girls in Finland), socialize readers to their immediate surroundings and community, support improvement of key skills, which are necessary in the learning process of other skills and knowledge, support good literacy as well as support competence in the mathematical and natural science as well as in the problem solving.

It is also important to note that the reduced VAT rate does not cause European Union wide competition disturbance since papers in general are local. It is difficult to distribute them internationally in the large amount due to the local language and culture reasons even though internet would that easily allow.

Please see the answer 3, too, and note, in particular the following:

→ Facilitate the acquisition of copyright and assign ownership of copyright to the employer by law in Europe to support the European media industry and give it an equal basis to compete with its US counterparts. See also the limitations represented in the point 1 of the answer 3.

→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect: remove the artificial basis for double, or even multiple, compensation to copyright societies.

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25 % of collected

amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of that parasitic linking comparable to any other piracy or counterfeiting.

→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of responsible publishers constitutes unfair competition and disintegrates the whole basis of the said content and services.

→ Do not tax reading in online and offline environment.

→ Strengthen general understanding of copyright and other Intellectual Property Rights, what these rights safeguard, why they are needed (including rewarding creativity), and what they mean in practice in relation to all content, by giving practical examples of legal and illegal loading etc. for example in a form of Q&A sites.

→ Ensure competitiveness of European publishing industry against non-European players by not limiting the size of the European companies below their non-European counterparts e.g. in the name of media pluralism, that should be achieved by other means, such as making sure that there are no unnecessary middlemen (see the point 2 above of the answer 3) or free-riders (see the point 3 of the answer 3).

18) *How does the country you mainly operate in encourage the development of creative online content and services?*

No comment.

Release windows

19) *Are "release windows" applicable to your business model? If so, how do you assess the functioning of the system? Do you have proposals to improve it where necessary? Do you think release windows still make sense in the online environment? Would other models be appropriate?*

Exclusive "release windows" have an important role in our business models related to television programmes. The "release windows" and territoriality still make sense in the online environment.

Networks

20) *The Internet is currently based on the principle of "network neutrality", with all data moving around the system treated equally. One of the ideas being floated is that network operators should be allowed to offer preferential, high-quality services to some service providers instead of providing a neutral service. What is your position on this issue?*

A neutral service is a key issue in facilitating distribution of European online content and services. Network neutrality is of great importance for the publishers, as the Europeans as the users/consumers of online content and services should be provided with access to online content and services irrespective the terminal device in use. Part of European online content and services are provided free of charge to users/consumers and their pricing is based on advertising. In order to provide European users/consumers with

free, culturally and linguistically diverse online content and services the principle of network neutrality may not be infringed. Further, it should be assured that any third parties are not be allowed to poach on this "free", i.e. advertising financed, content by directing it to their own sites or intranets and thereby eroding the unique visitors/advertising base of said online content and services.

→ Open access to networks by any end user device is key to sustainable development.

→ Ensure interoperability between online content/services and devices in the online environment as well as prompt adoption of open standards in devices that used in accessing online content and services.

→ Strengthen the appreciation of copyright protection and "free" (i.e. advertising financed) as well as paid European online content and services by facilitating open standard devices, the use of various platforms and the acquisition of copyright.

Piracy and unauthorized uploading and downloading of copyright protected works

21) To what extent does your business model suffer from piracy (physical and/or online)? What kinds of action to curb piracy are taken in your sector/field of activity and in the country or countries you operate in? Do you consider unauthorized uploading and downloading to be equally damaging? Should a distinction be made as regards the fight against pirates between "small" and "big" ones?

The business models of online publishing and audiovisual media online content and services suffer from "online piracy", i.e. content aggregators and search engines that build up their online services on our online content or services without our consent. These online pirates exploit the others' content and content investments by e.g. linking to the articles, photos or video stream without either consent or consideration and selling advertising space in this context, i.e. competing directly with the original publishers by free-riding on their content and potential users/consumers/visitors of the said content and services.

In most of our business models the traditional piracy is not a significant issue yet, but there are clear signs that piracy is emerging also to other areas of online content than music and film. However, in respect of educational content/material physical piracy has been an issue.

Please also see the answer 3 and note, in particular, the following:

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of that parasitic linking comparable to any other piracy or counterfeiting.

→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of responsible publishers constitutes unfair competition and disintegrates the whole basis of the said content and services.

→ Strengthen general understanding of copyright and other Intellectual Property Rights, what these rights safeguard, why they are needed (including rewarding creativity), and what they mean in practice in relation to all content, by giving practical examples of legal and illegal loading etc. for example in a form of Q&A sites.

22) To what extent do education and awareness-raising campaigns concerning respect for copyright contribute to limiting piracy in the country or countries you operate in? Do you have specific proposals in this respect?

Education and awareness-raising play an important role in limiting the piracy especially in a longer term. It is of vital importance to strengthen general understanding of copyright, what it safeguards and why it is needed, including rewarding creativity.

The above issues related copyright education and awareness-raising are also important as regards to finding a reasonable balance of interests between the online content industry, authors and the consumers/users (including educational institutions, libraries, archives and other public administration players) regarding use of copyrighted works in online content and services.

Please see the answer 3 and note, in particular, the following:

→ Strengthen general understanding of copyright and other Intellectual Property Rights, what these rights safeguard, why they are needed (including rewarding creativity), and what they mean in practice in relation to all content, by giving practical examples of legal and illegal loading etc. for example in a form of Q&A sites.
→ Limit the mandate of public institutions (e.g. libraries, public service broadcasters and educational institutions and financial support of the said institutions to specific non-commercial responsibilities that do not distort the competitive environment of private undertakings..
→ Ensure the clear roles in the area of educational publishing for both educational publishers as well as teachers and other professionals of the educational institutions: The educational publishers produce the educational content and services, the professionals of the educational institutions concentrate on education and teaching.
→ Strengthen the role of self-regulation especially in an online environment instead of introducing new legislative or other restrictions on advertising.

23) Could peer-to-peer technologies be used in such a way that the owners of copyrighted material are adequately protected in your field of activity and in the country or countries you operate in? Does peer-to-peer file sharing (also of uncopyrighted material) reveal new business models? If so, please describe them?

Any commercial online content and services irrespective, whether they are in form of content aggregation services or not, can be based only on business models that respect copyright and, among other things, do not form unfair competition. There is no business model without appreciation of copyright and other relevant right holders' (e.g. trademark holder or person in video stream) consents which can be obtained for a consideration or for free.

In all circumstances peer-to-peer technologies have to be subject to a full appreciation of copyright and capability to provide adequate information about the right holders. Provided that copyright protection is guaranteed there could be possibilities especially in the area of traditionally law-abiding environment (e.g. educational institutions, i.e. schools etc.) for reliable business models in e.g. educational publishing.

Please see the answer 3 and note, in particular, the following:

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of the parasitic linking comparable to any other piracy or counterfeiting.

→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of publishers carrying the responsibility and making the investments constitutes unfair competition and disintegrates the whole basis of the said content and services.

Rating or classification

24) Is rating or classification of content an issue for your business? Do the different national practices concerning classification cause any problem for the free movement of creative services? How is classification ensured in your business (self-regulation, co-regulation)?

It is essential to point out that any initiatives regarding rating or classification of content have potentially chilling effects on freedom of expression especially in respect of news content. There should not be any rating, filtering or classification systems for the news content. All news content should be exempted from such systems. In order to safeguard freedom of expression in Europe and to facilitate production of culturally diverse European online content and services any initiatives regarding rating or classification of editorial or advertising content should be minimized. In all circumstances these issues should be taken care of by self-regulation.

The rating or classification of content is an issue in television programmes and in pay-tv operations in the field of distributing adult entertainment content.

In addition some online educational content and services are rated or classified in line with respective curricula of the educational institutions.

Due to national and linguistically limited nature of our content and services we have no experience in referred problems for the free movement of creative services.

The classification or rating is taken care by self-regulation. The self-regulation has worked well, because the editorial decision making has stayed in the hands of editors-in-chief and self-regulatory decisions have been done without extensive authority actions.

Please see the answer 3 and the following point in particular:

→ Increase media literacy of European citizens to read not only text but also images, both moving and still images instead of attempting to regulate editorial and commercial content and creating threats for freedom of the speech in Europe.

Digital Rights Management systems (DRMs)

Digital Rights Management systems (DRMs) involve technologies that identify and describe digital content protected by intellectual property rights. While DRMs are essentially

technologies which provide for the management of rights and payments, they also help to prevent unauthorized use.

25) Do you use Digital Rights Management systems (DRMs) or intend to do so? If you do not use any, why not? Do you consider DRMs an appropriate means to manage and secure the distribution of copyrighted material in the online environment?

We would like to note that Digital Rights Management systems ("DRMs") are first a business issue and a technology issue second. Our businesses are both users and suppliers of online content.

There should be better interoperability i.e. flexibility and freedom of choice in deciding which technologies and technical platforms of DRMs to use in various online content and services in order to better serve the needs of the users/consumers of our online content and services.

DRMs are so far used only to a modest extent in our businesses. For example they are used in the sale of online music.

The use of DRMs is likely to increase as simpler and more customer/user friendly DRMs are available in the market. At the moment the DRMs available are expensive and complicated to use. In addition it is important for the interests of both consumer/user and online content industry in Europe that the DRMs standards are open standards. There should not be multiple DRMs practices in this respect. Please see the answer 5, too.

It is important to notice that DRMs are not relevant in all online content and services. For example a part of the publishers' online content and services are free for users/consumers and their pricing is based on advertising and multiple contacts with users/consumers. Neither DRMs nor technical measures can successfully be used in these businesses as the business model is based on maximising the amount of unique visitors. On the contrary, as the financing of such content and services are based on multiple contacts with users/consumers, the copyright protection and respect of copyright should be underlined.

At the moment the DRMs available are not consumer/user friendly regarding e.g. online news content or online newspaper and magazine content. In practice these DRMs currently available create limitations to possible business models in many of our businesses. At the same time there is a great challenge to ensure that consumers/users are able to understand what they are purchasing and what they are entitled to do with the online content.

The technical standards that underlie DRMs are important even if a business chooses to distribute or make content available online without the use of encryption or other technical protection measures.

At their best DRMs help the online content industry to react to a reasonable demand by the consumers/users to give all consumers/users the equal content/service under the same terms. This underlines also the request of transparency of DRMs to consumers/users, too. DRMs offer also advantages to rights holders and consumers/users.

Please see the answer 3, too, and note especially the following there:

→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect: remove the artificial basis for double, or even multiple, compensation to copyright societies.

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment. Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25 of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

26) *Do you have access to robust DRM systems providing what you consider to be an appropriate level of protection? If not, what is the reason for that? What are the consequences for you of not having access to a robust DRM system?*

The robust DRMs available are currently developed for the purposes of music and film industry.

As regards to e.g. online publishing the more relevant than the robust DRMs are the consumer/user friendly features of DRMs.

Please see the answer 25 as well.

27) *In the sector and in the country or countries you operate in, are DRMs widely used? Are these systems sufficiently transparent to creators and consumers? Are the systems used user-friendly?*

Please see the answer 25.

28) *Do you use copy protection measures? To what extent is such copy protection accepted by others in the sector and in the country or countries you operate in?*

No, copy protection measures are not widely used in the fields of our businesses.

Instead of copy protection measures European copyright legislation environment should better facilitate online content industry's need in providing customers/users with culturally as well as linguistically diverse online content and services with reasonable and competitive terms.

Please see also the answer 3 and note especially the following:

→ Facilitate the acquisition of copyright and assign ownership of copyright to the employer by law in Europe to support the European media industry and give it an equal basis to compete with its US counterparts.. See also the limitations represented in the point 1 of the answer 3.

→ In order to take the users/consumers view better into account and strengthen the appreciation of copyright, facilitate the use of various platforms and simplify the acquisition of copyright in this respect: remove the artificial basis for double, or even multiple, compensation to copyright societies.

→ There is no need for authorised free-riders of publishers' content in form of collecting societies in an online publishing environment.

Minimise the amount and role of these middlemen rather than add to it. Their administrative fees alone range from 12–25 % of collected amounts in Finland, all payable by the end user/consumer. Collecting societies are defendable only in cases of mass use as defined in the point 3 of the answer 3.

→ Treat online piracy as any other piracy in all communication of the European Community to raise general awareness of that parasitic linking comparable to any other piracy or counterfeiting.

→ Encourage online industry in Europe (e.g. publishers) to create high-quality European online content. Culturally and linguistically diverse European online content and services cannot afford any free-riders, as undue "poaching" of the content or service of responsible publishers constitutes unfair competition and disintegrates the whole basis of the said content and services.

→ Do not tax reading in online and offline environment.

→ Strengthen general understanding of copyright and other Intellectual Property Rights, what these rights safeguard, why they are needed (including rewarding creativity), and what they mean in practice in relation to all content, by giving practical examples of legal and illegal loading etc. for example in a form of Q&A sites.

→ Ensure competitiveness of European publishing industry against non-European players by not limiting the size of the European companies below their non-European counterparts e.g. in the name of media pluralism, that should be achieved by other means, such as making sure that there are no unnecessary middlemen (see the point 2 of the answer 3) or free-riders (see the point 3 of the answer 3).

29) *Are there any other issues concerning DRMs you would like to raise, such as governance, trust models and compliance, interoperability?*

No.

Complementing commercial offers with non-commercial services

30) *In which way can non-commercial services, such as opening archives online (public/private partnerships) complement commercial offers to consumers in the sector you operate in?*

Any publicly funded online services should not be allowed to distort competition with commercial online content and services production.

In the field of most of our online business (e.g. online publishing, educational content and audiovisual media online) there is an ever increasing threat of expanded competition by publicly funded online services. These publicly funded services will not only distort competition but also weaken the opportunities of private online content industry to create new competitive high-quality online content and services.

For example as regards to public service broadcasters ("PSB") it is very important that their public service mandate is clearly limited to specific responsibilities which do not compete with private undertakings. Their Funding must be transparent, and PSB must behave according to their restricted public service mandate. Online environment has blurred the traditional concept of broadcasting. Today content is increasingly distributed over new platforms and through various services. Therefore there is not need for public online newspapers or magazines in Europe.

Please see the answer 3 and especially the point 5 there:

→ Limit the mandate of public institutions (e.g. libraries, public service broadcasters and educational institutions) and financial support of the said institutions to specific non-commercial responsibilities that do not distort the competitive environment of private undertakings.

→ Ensure the clear roles in the area of educational publishing for both educational publishers as well as teachers and other professionals of the educational institutions: The educational publishers produce the educational content and services, the professionals of the educational institutions concentrate on education and teaching.

What role for equipment and software manufacturers?

31) How could European equipment and software manufacturers take full advantage of the creation and distribution of creative content and services online (devices, DRMs, etc.)?

The European equipment and software manufactures should be encouraged to guarantee that they support open standards in their product offerings.

The users/consumers of online content and services should be allowed to use European and cross-European online content and services in a technology neutral manner with devices, DRMs etc. that are based on open standards. The European equipment and software manufactures should be encouraged for greater sensitivity on demands of the market and speed to react thereto.

E.g. in the field of DVD subtitling and devices the above approach would support European cultural and linguistic diversity.

What role for public authorities?

32) What could be the role of national governments / regional entities to foster new business models in the online environment (broadband deployment, inclusion, etc.)?

Please see the answer 3 and note, in particular, the following:

→ Strengthen general understanding of copyright and other Intellectual Property Rights, what these rights safeguard, why they are needed (including rewarding creativity), and what they mean in practice in relation to all content, by giving practical examples of legal and illegal loading etc. for example in a form of Q&A sites.

→ Facilitate the acquisition of copyright and assign ownership of copyright to the employer by law in Europe to support the European media industry and give it an equal basis to compete with its US counterparts. See also the limitations represented in the point 1 of the answer 3.

→ Do not tax reading in online and offline environment.

→ Increase media literacy of European citizens to read not only text but also images, both moving and still images instead of attempting to regulate editorial and commercial content and creating threats for freedom of the speech in Europe.

→ Allocate funding to educational institutions (i.e. schools, vocational education institutions, polytechnics, etc.) in order to acquire user rights for educational content and services as well as to up-date the online devices of these institutions.

33) *What actions (policy, support measures, research projects) could be taken at EU level to address the <u>specific</u> issues you raised? Do you have concrete proposals in this respect?*

Please see the answers above, especially the answer 3.

Helsinki, 13 October, 2006

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Enclosures   Background: SanomaWSOY Group

BACKGROUND: SANOMAWSOY GROUP

The SanomaWSOY Group operates in versatile fields of media in over 20 European countries in small and medium-sized markets, and it is comprised of five divisions: Sanoma Magazines (magazine publishing both in print and digital form), Sanoma (publishing newspapers in print and digital form as well as printing newspapers), SanomaWSOY Education and Books (educational publishing and book publishing both in print and digital form, as well as printing), SWelcom (electronic media incl. television, radio and cable television operations), and Rautakirja (kiosk operations, press distribution, bookstores, movie theatre operations). SanomaWSOY Corporation is the parent company of the SanomaWSOY Group, and the Group headquarter is located in Helsinki.

The SanomaWSOY Group companies have a long history dating back to the nineteenth century.

Today SanomaWSOY is among the top five consumer magazine publishers and a significant educational publisher in Europe and it is strongly placed in the Netherlands, Belgium, the Czech Republic, and Hungary in addition to Finland. Other important operating countries of the SanomaWSOY Group include: Bulgaria, Croatia, Estonia, Germany, Latvia, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Sweden, and the Ukraine.

SanomaWSOY Corporation's net sales totalled 2.6 billion euros in 2005, when it recorded an operating profit of 301 million euros and employed some 16,800 people.

For further information, please see www.sanomawsoy.fi