From:

To: <u>FN-OMB-IntellectualProperty</u>
Subject: Taking Away the Incentive

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The first step toward combating the pirating of digital Intellectual Properties (here on referred to as "IPs") is to take away the incentive to do so. Sure, it won't stop all piracy, but it's unlikely that will ever happen.

Format shifting has spread hesitation and confusion amongst the consumer from the beginnings of digital distribution, and even back in the days of physical distribution. Remember when we switched from VHS to DVD? Everyone was left high-and-dry with their tapes, most of which have degraded or been thrown out. The *advantage* and incentive of switching to digital formats is to avoid exactly that. So, why then, would one argue that people should have to re-buy to keep their purchases just because of a format change? That's like the health department saying a restaurant shouldn't get rid of their roach problem because they were already there when the establishment opened.

As the law stands, it goes like this:

- 1.) Buy song/movie
- 2.) Format changes
- 3.) Try to recover your collection
- 4.) You're a criminal (and your collection may or may not work. If it does, with potential quality loss) See <a href="DMCA">DMCA</a> 1201\*.

OR, if someone pirates something.

- 1.) Pirate your collection
- 2.) You're a criminal (and your collection works forever)

Weighing these two options from a consumer's perspective, the motivations of many pirates becomes pretty apparent. Add to that the consumers are pretty <u>confused</u> <u>about copyright</u>, and you've got an even bigger mess (yes, the report is on Britain, but there's no similar data for the US).

In a country where the population is used to having options (Which one of the fifty plus restaurants in town do you want to go to? Which of the three local theaters do you want to see that movie at? Which of the numerous brands of domestic/imported vehicles should I buy?), the artificial limitations placed on digital products serve only to discourage consumers from investing their hard-earned dollars in new markets.

Best regards, "N5"