

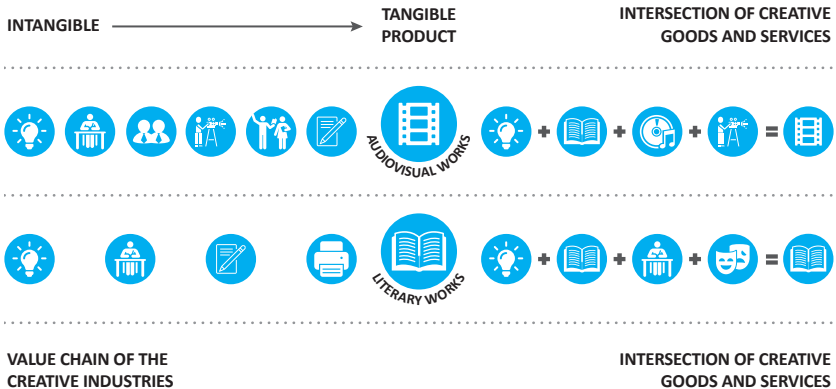
COPYRIGHT MARKET IN COLOMBIA

¿WHAT IS THE COPYRIGHT AND RELATED RIGHTS MARKET?

In this market, licenses or authorizations are traded for the use of intangible goods recognized by the law.

It ensures that creators and owners are recognized as participants in the process of producing the works and get paid for their use.

- Creative process in the copyright industries



Source: Prepared by the authors. Reference figures taken from Power Point image gallery.

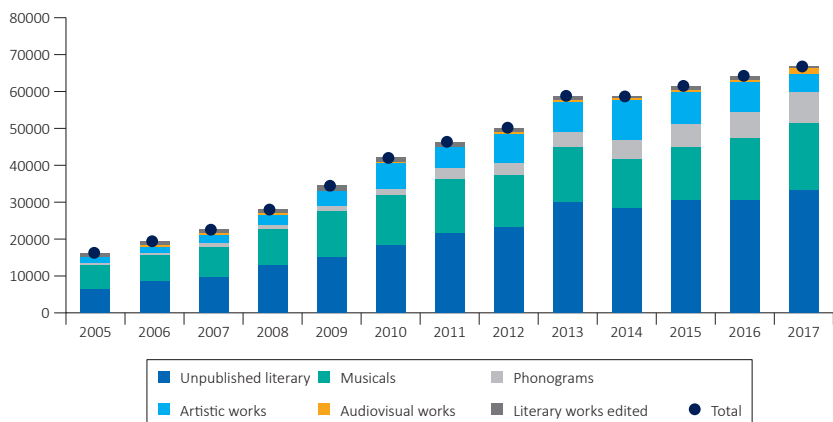
It is a market linked to a high-complexity value chain with multiplicity of agents participating in each exchange:

The Works can have a wide variety of presentations and therefore different prices for each presentation. When obtaining an authorization, one only pays for one of the presentations.

¿WHAT IS THE GENERAL CONTEXT OF THIS MARKET IN COLOMBIA?

The copyright and related rights market in Colombia is experiencing a great deal of conflict because of the need to adapt regulations to the complexity of the creative processes, technological changes, and the great variety of participants.

- Works registered in the DNDA



- It is a growing market.
- Subscription on television is the most dynamic subsector.

Source: Prepared by the authors based on elaboración propia con base en Dirección Nacional de Derechos de Autor.

ROYALTIES PAYMENTS AS A FUNCTION OF THE FIRMS CHARACTERISTICS:

The payment of royalties increases consistently with the increase in productivity* in the sector

But not necessarily in the companies that use the Works with greater intensity

* Measured as income or value added per employee

¿HOW ARE COPYRIGHT AND RELATED RIGHTS MANAGED?

COLLECTIVE MANAGEMENT SOCIETIES

(CMS)

Must be recognized by the National Copyright Office, namely: SAYCO, ACINPRO, EGEDA, ACTORES, DASC, CDR, REDES.

INDIVIDUAL MANAGEMENT

(IM)

Individual management is based on the Constitutional principle of the right of association that implies the non-obligation to belong to a collecting society in order to manage rights.

TENSION: COEXISTENCE OF CMS AND IM

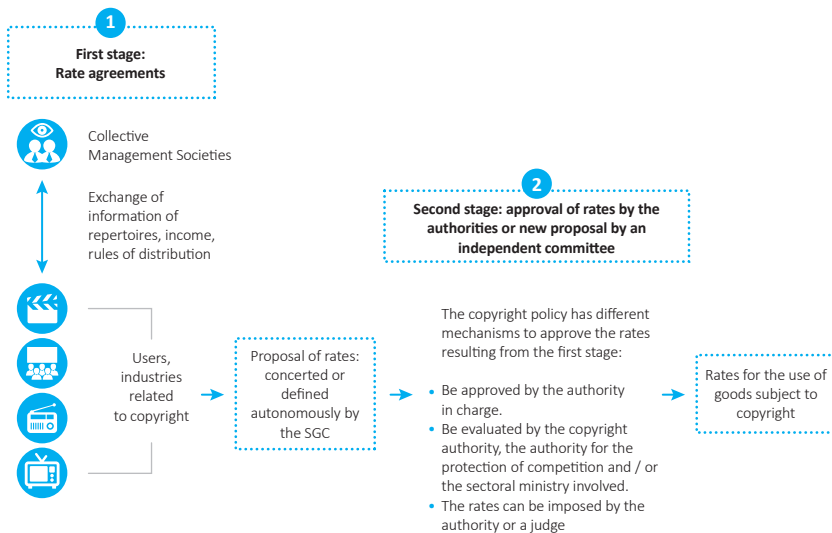
Individual managers do not have a clear and detailed regulatory framework that governs their actions. This, has opened up a space for these new players to enter the market without the same legal duties and obligations as the CMS.

¿HOW ARE PRICES OR RATES SET?

Since Intangible Works have virtually no direct marginal costs, the prices of the Immaterial Works would approach to zero.

If no action is taken to enforce the payment of the authorizations granted by the authors, there would be an unlimited and unpaid use of the Works.

- Formation of fees in two stages in the copyright market Collective



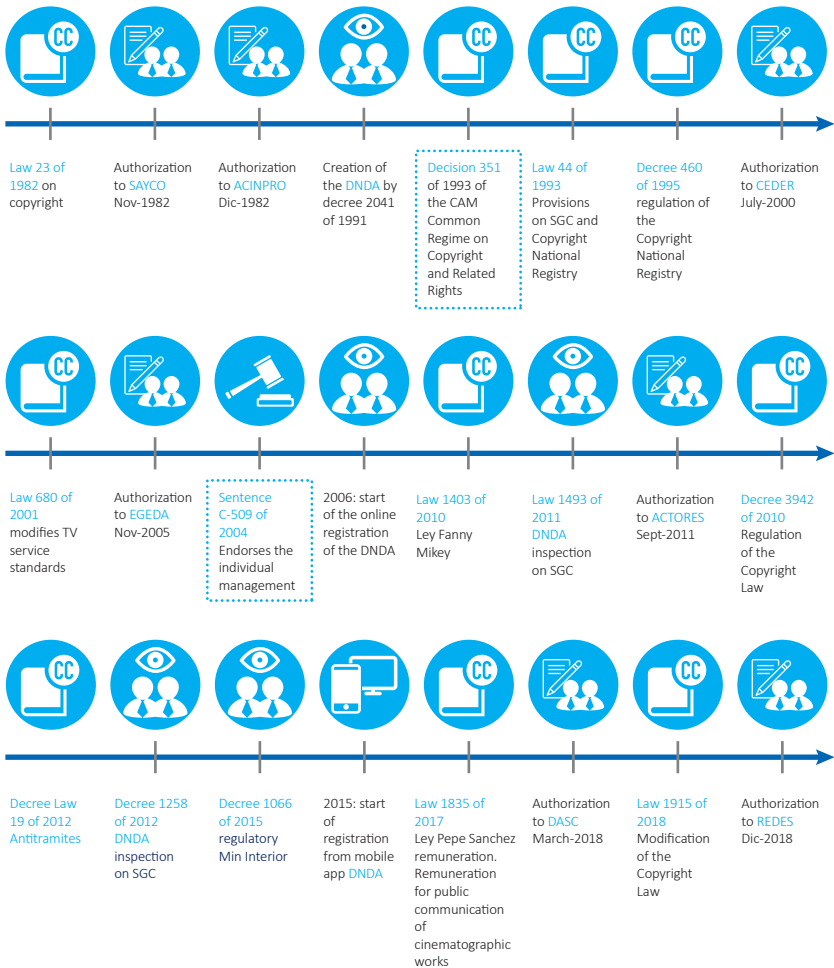
Source: Prepared by the authors. Reference figures taken from Power Point image gallery.

The national statistical office, DANE, Annual Services Survey (EAS) shows that sectors that use copyrights most intensively tend to have a payment range much narrower and lower than other activities.

¿WHAT IS THE ROLE OF THE LEGAL FRAMEWORK?

This is a changing market by definition. Its long-term stability can even be a bad sign, as creativity and transformations are inherent to its nature. Under these conditions, the legal framework must be equally dynamic and adaptable.

- Development of the normative framework of copyright protection in Colombia



Source: Prepared by the authors. Reference figures taken from Power Point image gallery.

¿ARE THERE CONCEPTUAL CONFLICTS IN REGULATION?

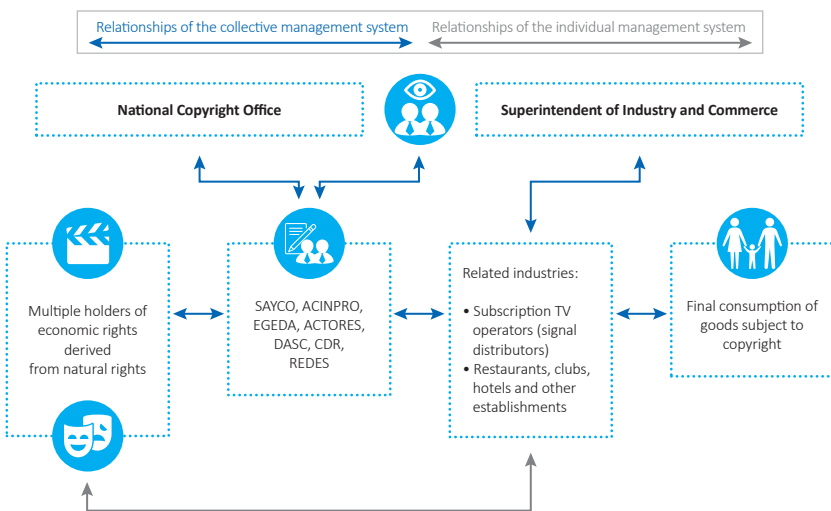
NATIONAL COPYRIGHT OFFICE (DNDA):

Was created and operates for the care of the particularities of the copyright and related rights market.

SUPERINTENDENCE OF INDUSTRY AND COMMERCE (SIC):

It makes a subsequent control by applying mainly sanctioning penalties that signal the market on acceptable trading practices.

- Actors and relations in the copyright and related rights market in Colombia



Source: Prepared by the authors. Reference figures taken from Power Point image gallery.

Although the quality of market competition must be preserved by SIC, there are particularities that only a specialized agency such as DNDA, with a regulatory role, can undertake.

CONCLUSIONS AND RECOMMENDATIONS

Market	Public policy must work to ensure that the regulatory frameworks for copyright and the right to competition are consistent and allow the development of this market.
	It is recommended to promote pedagogical instruments on the recognition of copyright and related rights by the industries that use the Works.
	It is proposed to provide negotiation mechanisms to CMS and users, so that the iteration is not interrupted by asymmetries in the negotiating power.
Regulations	It is necessary to complete the regulatory framework around individual managers (IM).
	It is suggested to establish a sectoral negotiation of parametric criteria that allow establishing rates. However, the decisions of which parameters to apply and their values must be left entirely to the agreement between the parties.
	These parameters will be the reference for charges to individual companies that may remain part of the confidential agreements.
Institutions	It is important to strengthen the surveillance and control capacity of the DNDA so that it can penalize the abuses of power that arise in the relationship between the CMS and the users.
	It is recommended to publish the repertoire of works that each CMS and IM represents, so that users make early decisions about the works they will use, saving transaction costs.
	Likewise, it is recommended to extend the monitoring function to individual management and other forms of copyright management.
	It is proposed to strengthen the single window as a goal-oriented to collection and facilitation of fee negotiations. However, it is not recommended to work as a pricing mechanism.