POLICY CONSIDERATIONS FOR THE BLOCKCHAIN TECHNOLOGY IN MUSIC RIGHTS

Group 2: Ofure Udabor, Vrunda Shah, Yaxin Ye

1. INTRODUCTION

Our paper proposes the need to introduce blockchain technology in the music industry to eliminate the intermediaries involved and allow for complete transparency. Before proceeding to understand the need for Blockchain in the music industry, let's understand the term 'royalties'.

Music royalties, in the simplest terms, mean the payment made to the artists and other parties involved for licensed usage of their music. These payments are made by those who wish to use the music for commercial gain, such as streaming services like Spotify, Apple Music, TV shows, radio, etc. It is important to understand this because there are numerous entities involved in getting the royalties from the user to the artist, who can easily abuse the trust. The decentralized nature of blockchain removes common fundamentals that comprise trust—such as identity, direct communication, etc.—from the equation altogether. In the next two sections, we will be proposing counterarguments in favor of introducing blockchain based on the reading of the paper "Policy Considerations for the Blockchain Technology Public and Private Applications" by Garry Gabbison.

2. COUNTER ARGUMENTS FOR SECTION II

Gabbison (2016) mentions how blockchain relies on an append only process, which means that it becomes extremely difficult, if not impossible, to remove information that is present on the ledger. However, this permanence of data ensures legitimate right holders, such as music artists, have an indisputable record of ownership. To address the information privacy aspect of blockchain, public and private keys are used to resolve it. In this case, for instance, we can allow the music rights holder to have private access to write and public access to read for everyone else. This would ensure minimal chances to add or remove information on the blockchain.

This way, blockchain could streamline royalty collection by having smart contracts automatically execute payments to right holders, significantly reducing middlemen's involvement costs.

3. COUNTER ARGUMENTS FOR SECTION III

Gabbison (2016) notes how difficult it would be for a victim of copyright infringement to pursue an infringer on the blockchain. He argues that pursuing original infringers would not be "a good avenue for recovery" due to the expectation of said infringers being judgment-proof (p. 10). While this notion addresses how most judicial pursuits would

lead to incomplete returns for the copyright victim, it leaves out intermediate pursuits that may not lead to the infringers' prosecution, but would still abate the damage inflicted.

Yet, Er Low (2021) mentions alternative routes to a victim's restitution. Where she highlights the option to "compel production of a resistant debtor's private key, perhaps with the assistance of committal orders for non-compliance," it can be concluded that this concept can extend past basic monetary compensation (p. 3). If, for example, a musician's legal team were to demand the original infringer's private key, at the very least the victim would be left with due monetary compensation. While this will not completely make up for the unlawful ownership and distribution of their artwork, they are left with a reimbursement that can be invested back into the workflow.

4. COUNTER ARGUMENTS FOR SECTION III

Gabbison (2016) indicated that using a blockchain system would be more costly and environmentally damaging compared to the current centralized system due to its redundancies, especially when scaling to serve large populations (p. 17).

The operational advantages over the long run may more than make up for any costs associated with the first switch to a blockchain-based system. Particularly in the music rights market, current centralized methods require large administrative expenditures and intermediaries. As mentioned in Part IV, smart contracts using blockchain might automate the distribution of royalties, removing the need for administrative overhead and lowering the risk of fraud or mistakes (Gabbison, 2016). Over time, these savings might elevate blockchain to the level of existing centralized systems in terms of cost-effectiveness, surpassing them altogether.

Cost and environmental concerns are significant, but they should not take precedence over developing solutions and the potential long-term benefits of blockchain technology. We run the danger of overlooking significant reforms that may make the music rights industry more equitable, transparent, and effective by concentrating only on the short-term costs and environmental impact.

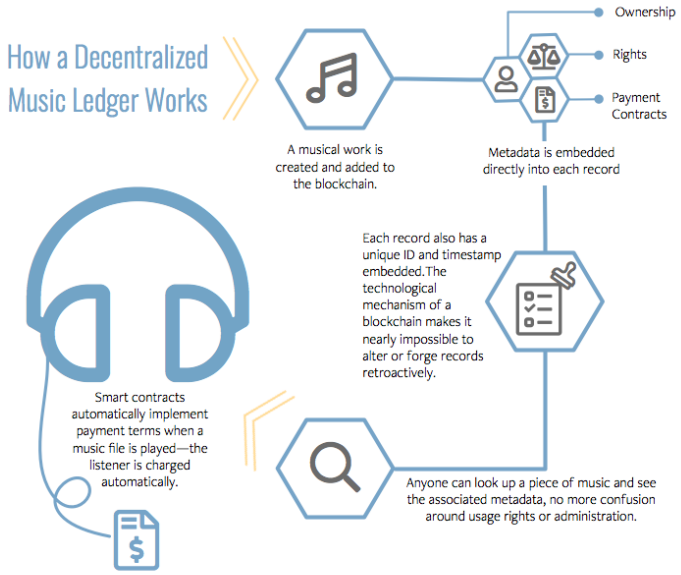

Fig 1.

The image above showcases how blockchain would work in the music industry

Celebucki, B. (2019, February 22)

5. CONCLUSION

In conclusion, our report argued that the integration of blockchain technology in the music industry could revolutionize how artists, producers, and other stakeholders interact with music rights and royalties. Even though there are issues with permanence, anonymity, and initial costs, we do believe that the long-term advantages of blockchain, such as transparency, lower administrative costs, and accountability, will outweigh these challenges.

Drawing upon Gabbison's work, we have presented the possibility of immutable ownership, complementary judicial action, and higher cost- efficiency. These are only three of the various ways blockchain technology can be used to support artistic ownership in the music industry. We not only pointed out the loopholes and drawbacks but also highlighted how blockchain technology has the potential and ability to fundamentally alter the music industry by promoting a more equitable and effective music ecosystem.

References

1. Gabbison, G. (2016). Policy Considerations for the Blockchain Technology Public and Private Applications.

2. Zhen Er Low, Commentary, *Execution of Judgements on the Blockchain- A Practical Legal Commentary*, Harv. J.L. & Tech. Dig. (2021), https://jolt.law.harvard.edu/digest/execution-of-judgements-on-the-blockchain-a-practical-legal-commentary.

3. Celebucki, B. (2019, February 22). *Understanding the music industry's need for Blockchain*. Blockchain Beach. https://www.blockchainbeach.com/understanding-the-music-industrys-need-for-blockchain/