

## Statutory Review of the Copyright Act

Google is pleased to submit the following comments in connection with the Standing Committee on Industry Science and Technology's Statutory Review of the Copyright Act.

### Google

Canadian businesses of all sizes use Google's search, advertising and cloud-based services to connect with consumers, and improve their productivity. According to [Deloitte](#), Canadians using Search and Ads generated up to \$18.5 billion in economic activity last year supporting up to 200,000 jobs, while those using Cloud enjoyed productivity improvements up to \$830 million.

Canadian creators also leverage our platforms to reach global audiences and monetize their content. Google offers a wide variety of platforms and revenue streams, each based on a **partnership** model. Under this model, creators supply content, while we provide distribution and monetization, infrastructure, sales, payment systems, business support and resources. The majority of the resulting revenue goes to the creator **every time**. Partnership means we only earn revenue when our partners earn revenue. It is in our interests to ensure our partners' success.

### Google Search & News

[Google Search](#) is our search engine, while [Google News](#) is our news service that aggregates headlines from news sources. These services drive over 10 billion clicks a month to publishers' websites **for free**, providing publishers an opportunity to monetize that audience.

We make [significant efforts](#) to prevent infringing webpages appearing in Search. We developed a [streamlined submission process](#) for copyright removal notices, and have removed over **3 billion infringing URLs**. The volume of notices is also factored when ranking search results.<sup>1</sup>

### Ad Platforms

Google offers publishers [advertising platforms](#) that allow them to host ads and share in the advertising revenue. Globally, the revenue share is around 70%. In 2017 we shared more than **\$12.6 billion** with our publisher partners. In 2017, this generated [economic impact](#) of up to \$320 million in Canada.

We [prohibit](#) exploitation of our ads and monetization systems. In 2017 we disapproved more than **10 million infringing ads**, and removed **7,000 websites** from our ad networks for copyright violations.<sup>2</sup>

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<sup>1</sup> See [How Search Works](#) and [How Google Fights Piracy](#) pg 33-50 for further information.

<sup>2</sup> See [How Google Fights Piracy](#) pg. 55-59 for further information.

## Google Play

[Google Play](#) is our online store that offers Android apps, games, music, movies, TV, books and magazines. Over 1 billion people in 190 countries have access to Google Play, providing a massive global audience for content partners.

[Google Play](#) provides significant revenue for Android developers, who collectively earn over \$7B a year from sales alone. Developers employ various revenue models, including transactional (sales), in-app purchases, subscriptions and ads, and in all cases, Google shares **at least** 70% of the revenue. In 2017, this app economy [supported](#) \$1.5 billion in revenues in Canada, representing 69,000 jobs, while in Quebec, it supported \$330 million and 15,000 jobs.

[Google Play Movies & TV](#) offers thousands of movies and television shows for rental or purchase. [Google Play Books](#) is one of the world's largest eBook stores. [Google Play Music](#) offers unlimited access to music for a monthly fee, or a limited ad-supported version. Each is licensed and are a significant source of revenue for content partners.

Google Play [prohibits](#) apps that infringe copyright or encourage illegal streaming. In 2017, over 14,000 items were removed from the Play Store for violations.<sup>3</sup>

## YouTube

[YouTube](#) is Google's global online video platform with over **1.9 billion monthly logged-in users**, and over **a billion hours** of video watched **every day**. **Over 400 hours of video** are uploaded to YouTube **every minute**, making it one of the largest living collections of human culture ever assembled. These uploads represent virtually every imaginable type of content: from "user-generated content" to high-end film and television content. The true power of YouTube is that, with just a camera and an Internet connection, anyone can become a creator and build a global audience.

YouTube is a "lean-in" experience where creators interact directly with a community of engaged fans who share and contribute. This personal, direct connection distinguishes YouTube from other platforms.

### Canadian YouTube Creators

Canada has a large and vibrant YouTube creator community producing engaging content that is popular domestically and globally.

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<sup>3</sup> See [How Google Fights Piracy](#) pg 51-54 for further information.

Canada is one of the top exporters of content on YouTube. Globally, on average, 50% of a creator's watchtime comes from outside their home country. For Canadian creators, **over 90% of watchtime** comes from outside Canada - higher than any other country on the platform.

In the past year, watchtime for Canadian channels has grown 45%. Channels making six figures or more in revenue are up 24% over last year. Canadian success stories are numerous, and many of these creators have grown sufficiently successful that they are effectively small production studios.

Canada also has a large community of up and coming creators, including a range of Quebec creators who predominantly produce French-language content.

### Contributions to the Canadian Creative Ecosystem

YouTube is committed to the success of our creators and makes substantial investments to enable their success.

#### *Infrastructure*

We invest **billions** of dollars in the platform and [underlying infrastructure](#), giving **anyone** the instant ability to stream their content **to 91 countries at no cost**. Our engineers constantly improve the platform and introduce new features.

#### *Monetization*

We continually work to improve the ability of creators to [make money on YouTube](#). YouTube is primarily ad-supported, and makes massive investments in our online ads marketplace and sales teams. We recently launched a new subscription service, [YouTube Premium](#), which benefits creators by offering a pro-rated share of the monthly subscription. Over time, we expect subscription revenue to make up a greater proportion of our creators' revenue mix.

YouTube has **thousands** of licensing agreements with labels, publishers and collectives, including major Canadian collectives. The music industry has earned over **\$6 billion** in ad revenue from YouTube, including over **\$1.8 billion in the last year alone**. Combined with revenue from our growing subscription service, YouTube Music Premium (which pays the same rates as Spotify), YouTube is a meaningful and growing revenue stream for the industry.

We also help creators develop new revenue streams. Most creators supplement ad revenue with sponsorship deals with major brands, live events, merchandise, and book deals. To make this easier, we've built new revenue tools including: [Channel Memberships](#), where fans pay a monthly fee in return for unique perks; [merchandising](#) features, that let creators link to e-commerce or crowdfunding sites; and [FameBit](#), a marketplace that connects brands with

creators. These “[alternative monetization](#)” features allow creators to diversify revenue and reduce dependence on ads or subscription revenue.

### *Copyright Management (Content ID, Copyright Match, etc.)*

We have developed [industry-leading tools](#) for creators to manage their copyright on YouTube. We have invested more than **\$100 million** dollars in [Content ID](#), a copyright management system that notifies creators of videos containing their creative work and allows them to choose what happens to them. There are **over 9,000 partners** using Content ID, and **over 98%** of copyright management on YouTube occurs through Content ID - **99.5% in case of sound recordings**. Creators opt to monetize rather than block **over 90% of the time (95% in the case of music)**, and we've paid out **over \$3 billion** to partners, allowing rightsholders to generate significant revenue from fan uploads.

We also launched [Copyright Match](#), a tool that finds reuploads and identifies them to creators, offer an easy-to-use webform for removals and a Content Verification Program for submission of high volumes of notices.

YouTube strives to be as [transparent](#) as possible when we remove content. We notify our users when we take action, and provide [appeals](#) and [counter notification](#) processes to dispute claims users believe are invalid. Fewer than 1% of Content ID claims are disputed, and over 60% of those resolve in favor of the uploader.<sup>4</sup>

### *Analytics*

We provide comprehensive [analytics](#) so creators can monitor the performance of their videos. Creators use this audience information to pursue new revenue opportunities, for instance using geographical audience data for licensing opportunities in foreign markets or demographic data for cross-promotional or e-commerce opportunities.

### *YouTube Space Toronto*

We've also made many specific investments to support Canadian creators. In 2016, we opened [YouTube Space Toronto](#), a creative incubator and production facility that supports the Canadian creator community. We run Pop-Up Spaces in other communities, such as Montreal. We routinely host events and workshops for creators, musicians & artists to help them unlock revenue potential.

### *Promotion: YouTube Spotlight Canada, Creator on the Rise & Artist on the Rise*

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<sup>4</sup> See [How Google Fights Piracy](#) pg. 18-32 for further information.

We launched [YouTube Spotlight Canada Channel](#), which showcases Canada’s top stars and emerging Canadian talent in both English and French. Canada was the first market globally to launch a channel that is solely dedicated to promoting local creators. Canada was also the first market outside the US to launch [Creator on the Rise](#), which promotes rapidly growing Canadian creators in our highly visible [trending tab](#).

## Google and Canadian Copyright

Our services are generating more revenue for creators and doing more to fight online piracy than ever. Our programs, policies and tools go well beyond the minimum requirements of the Canadian *Copyright Act*, while at the same time striving to balance the interests of creators and users.

### Intermediary Liability

Our many innovations would not be possible without intermediary liability protections. These “safe harbors” are central to the operation of the open Internet, providing open platforms such as YouTube with the legal certainty necessary to function. If intermediaries were made liable for user activities, the risk of liability would severely restrict our ability to allow user content on these systems. This would have profound effects on open communication online, severely impact the emerging class of digital creators who rely on these platforms for their livelihood, and curtail the broad economic benefits intermediaries generate.

### Limitations and Exceptions

Similarly exceptions like fair dealing provide critical balancing by limiting the exclusive rights granted so as to encourage access to copyrighted works and allow for reasonable uses.

### *Information Analysis*

One of these areas is “informational analysis”, also referred to as “text and data mining”.

Canada is a world leader in machine learning research, and has a significant competitive advantage in this rapidly growing field. Machine learning requires data-based training examples, and it is often necessary for the datasets to be copied, processed and re-purposed. Sometimes, this includes copyrighted material, such as an image recognition system using millions of photographs. Unless there is an exception to allow this technical copying, machine learning risks infringing copyright, even though the algorithm is merely learning from data and not interfering with any market or impacting the authors. It is unclear whether this activity would fall within existing exceptions, putting at risk Canada’s substantial investments and competitive advantage in machine learning. We strongly recommend the inclusion of a flexible exception that permits these types of machine learning.

## C-86: Proposed Reform of Copyright Board and Collective Licensing

Google welcomes many of the changes recently introduced in Bill C-86 to improve the efficiency of the Copyright Board and collective licensing. However, we are concerned with certain changes regarding the collective management of “public performance” and “communication” rights, specifically the apparent elimination of the current “blanket licensing” regime that prevents users from being sued if they have a license from the collective society. This means music services will no longer be able to rely on the license, and may be liable, say, if a specific song is not in the collective society’s repertoire. Music services have no practical way of monitoring this repertoire, substantially increasing their legal risk. To prevent this, we recommend introducing an “extended collective licensing” system, whereby rightsholders not represented by a collective society can obtain royalties from the society that collected it and cannot sue for infringement.