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**LEADING RESEARCHER MAKES CASE FOR EFFECTIVENESS OF  
COURT-ORDERED SITE BLOCKING OF PIRATE SITES**

*Data shows decline in piracy to target pirate sites, other pirate sites and uptake in licensed content.*

SYDNEY – 10 May 2016. Dr Brett Danaher, a visiting research Professor of Economics at Carnegie Mellon University presented new research on the effectiveness of court-ordered site blocking of pirate sites today to content creators and distributors, lawyers and academics and media at an event hosted by the Australian Screen Association (ASA).

Dr Danaher's interests centre on how new technologies transform the economic principles underlying existing industries. He currently focuses on the digitization of the media industries, with particular attention to how this impacts copyright reform and the protection of intellectual property.

In the research\* presented at a content and tech industry event today, Dr Danaher focused on the three levels of evaluating the effectiveness of site blocking – being whether it decreases visits to the blocked sites, whether it decreases total piracy, and whether it increases legal consumption.

"Measuring the causal effect of piracy website blocking is difficult. We studied three waves of court-ordered ISP site blocking in the UK using a dataset on actual Internet user behaviour," said Dr Danaher.

Dr Danaher has studied the effect of site blocking over a number of years dating back to 2012. His findings showed that blocking just one major piracy site did not reduce piracy or increase legal sales, as users of the site simply increased their visits to other unblocked piracy sites or found technical solutions to circumvent the block.

However the research showed that simultaneously blocking a number of popular piracy sites caused a meaningful decrease in total piracy and a significant increase in legal consumption of video content.

It was also determined that further waves of site blocking continued to have an impact on total piracy and on legal consumption. In November 2014, 53 popular video piracy sites were blocked in the UK. This also caused a meaningful reduction in total piracy and a 6% increase in traffic to paid legal streaming sites (as well as a 10% increase in traffic to free legal streaming sites like Channel 5).

Dr Danaher commented, "There appear to be diminishing returns to additional waves of site blocks, and yet these waves may also serve to prevent a return to the prior status quo".

Australian film and television actor, John Jarratt who is set to launch *Wolf Creek* next week said, "You'd put a lock on your door if someone kept breaking in and stealing your DVDs, so why not put a block on the portals and stop the buggers who operate the sites stealing our digital DVDs?"

Cowlick Entertainment Group's Senior Producer and Development Executive, Bridget Callow-Wright said, "The reality is that the sites like these are eroding the future of young Australian creatives and are making it harder and harder for us to have sustainable careers in the business".

Executive Chairman of the Australian Screen Association, Mr Paul Muller said, "Disabling pirate websites via the courts is one tool we can use that we know will have an impact on piracy, however this is part of a bigger strategy that includes better legislation, a strong education program, continuing to make legal content available and affordable and the overall desire for people to want to do the right thing.

"There are plenty of ways to enjoy creative content through legal channels. Creating an environment where creative content is respected will benefit audiences, creators and businesses alike, stimulating innovation, driving the creative economy and developing local culture.

"Changing people's attitudes and behaviours is a long running process. Just like it took a long time for people to look differently at smoking, it is going to take people a long time to think differently about piracy," added Mr Muller.

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\*Source: Website Blocking Revisited: The Effect of the UK November 2014 Blocks on Consumer Behavior- April 2016.

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2766795](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2766795)

#### About Dr Brett Danaher

Dr Danaher has authored peer review publications in both economics and business journals as well as book chapters for the National Bureau of Economics Research. He regularly consults for large entertainment firms regarding their digital strategies and provides advice to governments on copyright reform in the digital era. His research has challenged several industry practices and informed government decisions on copyright policy.

With site blocking cases in Court in Australia, this subject is current, topical and controversial. This is a one-time opportunity to hear from Dr Danaher and ask the questions you want answered on the subject of site blocking.



## About the Australian Screen Association

The Australian Screen Association has operated since 2004 and was previously known as The Australian Federation Against Copyright Theft (AFACT). Our aim is to promote and protect the intellectual property rights of our members, and encourage the legal consumption of film and TV content across all platforms.

For more detailed information, a copy of the research or interviews please contact:

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## Research Overview:

- Determining how effective a wave of site blocks has been is difficult, as the outcome measures are changing over time for a variety of reasons unrelated to the blocks. We obtained a unique dataset on actual UK Internet users and applied an econometric model to determine the causal effect of 3 different court-ordered waves of site blocking in the UK.
- In May 2012 The Pirate Bay, the most popular piracy site in the UK, was blocked. Despite effectively decreasing traffic to The Pirate Bay, this block caused only a small decrease in total piracy. Most users increased their usage of other unblocked piracy sites or turned to virtual private networks (VPN's) to circumvent the block. There was no causal increase in legal consumption of video content.
- In November 2013, 19 major video piracy sites were blocked in the UK. These blocks caused a meaningful reduction in total piracy and also caused users to increase their usage of paid legal streaming sites (like Netflix) by 12%. It appears that blocking one major site does not make piracy inconvenient enough to dissuade illegal downloaders, but that simultaneously blocking a number of sites does, leading to an increase in legal traffic.
- In November 2014, 53 popular video piracy sites were blocked in the UK. This also caused a meaningful reduction in total piracy, but only caused a 6% increase in traffic to paid legal streaming sites (as well as a 10% increase in traffic to free legal streaming sites like Channel 5). This may be evidence of diminishing returns to additional site blocks - however, such site blocks may also serve to prevent a return to the prior status quo.