

From: **Association for Competitive Technology**  
One Pager On: **Digital Rights Management: Whose Rights Are Being Managed**  
Contact: Vince Sampson, (202) 331-2130 x103, vsampson@actonline.org

### **Technology mandate legislation will frustrate the development market based digital rights management solutions**

The technology industry vigorously supports intellectual property protections. The technology industry suffers \$12 billion in losses per year due to piracy. In order to combat piracy, ACT members and the rest of the IT industry continue to work with device manufactures and content owners on copyright protection solutions.

We believe that a convergence is at hand where the IT industry, device manufactures and content owners will provide a rich consumer experience through the deployment of easy to use DRM software and interoperable devices, which in turn will allow content owners will be able to monetize their intellectual property rights across worldwide markets. According to IDC, the worldwide market for DRM software is expected to reach more than \$3.5 billion in revenue by 2005.

The technology industry has taken the lead in developing technologies to bridge the “piracy gap” that is preventing the release of digital content. The eXtensible rights Markup Language (XrML) standard developed by ContentGuard (a joint Xerox, Microsoft effort) is an open standard that promotes the development of DRM systems that can work across multiple devices. ContentGuard has allowed all market participants the opportunity to license XrML and over 20 companies have seized the opportunity. XrML, like other market based solutions, has evolved to meet the changing demands of content owners, software developers and device manufacturers.

Industry developed standards, like XrML will lead to the creation of devices that will meet the “time shifting” and “space shifting” consumer demands. The development of robust DRM products and technologies will only be fully realized if the marketplace is allowed to develop without being frozen in time

ACT remains steadfastly opposed to government-mandated rights management technology standards, for several reasons:

- The government should not pick winners and losers through its certification process; especially while the IT industry is working to achieve an open DRM standard.
- These standards will “freeze” technology by requiring government approval of design changes. Instead of real-time innovation, we could easily end up with a one-size-fits-all standard.
- Publishing standards on government web sites makes it too easy for hackers to circumvent.
- Innovators can’t receive government certification if your copyright protection technology isn’t “reasonably priced” according to a current draft of a legislative proposal.