

Blockchain: A catalyst for change in digital media

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Opinion

Blockchain has emerged as a potential solution that balances innovation with rights protection, says Emma McClarkin.



Emma McClarkin | *Photo credit: Natalie Hill*

Digital media has revolutionised both our culture and the creative industries. From the advent of iTunes to the current dominance of Spotify and YouTube, the way we consume music and video content has been transformed. Will blockchain herald the next major and radical change?

As the rapporteur Parliament's internal market committee opinion on the audiovisual media services directive, I have closely followed the development of policy affecting how the rights of creators and consumers of digital media are protected. We must embrace and encourage the innovations that online sharing platforms such as YouTube have brought to millions of people around the world, but this does not have to mean undermining the protection of consumers and creators.

The protracted negotiations surrounding the proposed copyright directive in the European Parliament highlight this tension between the rapid development of innovative online platforms on the one hand, and the importance of preserving creator and customer rights on the other. However, a potential solution that balances innovation with rights protection has now emerged: blockchain.

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Blockchain allows people to complete secure transactions without the need for a middleman to broker the deal, as the technology is not owned by an individual or an organisation. This means that blockchain has the potential to democratise and liberalise many aspects of our lives.

Blockchain is the technology underpinning the digital currency bitcoin. It is a decentralised 'ledger' that comprises linked batches of online transactions. These batches are known as 'blocks'. Every time a transaction occurs it is cryptographically signed to verify a payment. These blocks of transactions are essentially a secure database, unlike any we have seen before.

However, critics have rightly raised concerns about blockchain, particularly in the area of security. In 2016, a hacker stole \$50m worth of the cryptocurrency Ethereum that was intended for a digital investment scheme, despite the scheme being underpinned by blockchain technology.

Nonetheless, blockchain is set to transform how we go about our daily lives, from how we vote to how we register our property rights. Among the myriad potential applications of this technology is a step-change in the way we purchase, record and verify digital media.

So how exactly will blockchain change digital media as we know it?

First, blockchain can be harnessed to protect consumer rights. Currently, whether you purchase a song from iTunes or a music subscription service from Spotify, you are not buying ownership of this content. Instead, you are likely entering into a licensing agreement to use a service or song for a certain amount of time or number of plays.

Unlike the ownership of vinyl records or CDs, the licences of digital media cannot be given away or left to the next generation in an inheritance. Blockchain could be used to protect customer rights by securely recording the ownership history of digital media and allowing customers to verify that they are purchasing a legitimate song or video.

Second, blockchain can also protect the creators of digital content. Currently, 40 per cent of customers access unlicensed music online. This has worrying implications for creators who may not receive fair remuneration for their work.

Blockchain could help ensure that content creators receive fair value for their work by digitally encoding reimbursements in 'smart contracts' which could automatically distribute royalty payments.

'Smart contracts' underpinned by blockchain also have the potential to provide streamlined dispute resolution services and greater legal certainty to creators.

As a final example, blockchain could be a useful tool for reforming the patent system. Although the use of blockchain is certainly not equivalent to a patent, the technology has enormous potential for streamlining the current system.

In particular, blockchain could be used to record a 'proof of evidence' for digital media, as the first step in applying for a patent. The integration of blockchain into the patent application process could also reduce disputes through increased transparency, which in turn can bolster innovation.

The EU has already taken positive steps towards exploring these opportunities, alongside the inevitable challenges, with the opening of a new Blockchain Hub in Lithuania this year. Furthermore, in a 2016 report, the UK government chief scientific advisor investigated the potential of this technology for transforming public services.

Both the UK and European Union must now take this further by examining how blockchain can be developed to protect, verify and record digital media, especially in the context of reforming the patent system.

We are still a long way off realising blockchain's full potential. However, the untapped potential of this technology means that it is likely to live up to the hype. The opportunities presented by blockchain for consumers, creators and the patent system signify that it will without a doubt be the catalyst to change digital media. It's time to get ready for the next technological evolution.

About the author

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