



Proposed Private Copying Tariff 2012-2014 MicroSD Memory Cards

In order to understand **why** the CPCC has filed for a levy on microSD memory cards one must understand **the purpose** of both the private copying levy and the CPCC's role.

In 1997, the *Copyright Act* was amended to allow individuals to make copies of music for private use. Prior to this change to the *Act*, Canadians were **infringing copyright** whenever they made a copy of a song or album. In return, the private copying levy was created in recognition of the fact that **copies of music have value**. The revenue from the private copying levy provides compensation to music rights holders for copies made of their music. It's money that they are entitled to, and it helps them to be able to continue to create new music. The CPCC is the organization that is responsible for collecting and distributing the private copying levies on behalf of music rights holders.

The levy will only apply to microSD memory cards and **not** to larger memory cards like the types used in digital cameras.

Originally, the private copying levy applied to cassette tapes and CD-Rs, as these were the types of media used to copy music at that time. Now, cassettes are **obsolete** and the use of CD-Rs to copy music is rapidly **declining**. As a result revenue from the private copying levy is in danger of disappearing and rights holders will no longer receive compensation for this use of their work. To make sure this doesn't happen the levy must be **updated** to reflect the current reality of the technology used to copy music. **MicroSD memory cards are today's reality**. MicroSD memory cards are typically found in smart phones and are used for music copying.

It is for this reason that the CPCC is applying for a levy on these cards.

The private copying system has successfully **balanced** the needs of rights holders and consumers and will continue to do so as it adapts to changing technologies and music user preferences.

By applying for a levy on microSD memory cards the CPCC is **recognizing** that the technology used to copy music is changing and this will ensure that rights holders continue to receive **compensation** when copies are made of their music - which is the mandate and responsibility given to the CPCC under the *Copyright Act*. The private copying levy will represent only a small percentage of the total purchase price for microSD memory cards.

While some may argue that they use microSD memory cards for uses other than copying music, it must be noted that **the Copyright Board** determines levy rates for a particular media by taking into account only the degree to which that media is used to copy music. So just as with other forms of blank media in the past, the levy rate for microSD memory cards will reflect only the extent to which these cards are used for copying music.