

The economic dimension of the digital challenge: a copyright perspective**Patricia AKESTER**Contact : Patricia.akester@dow.cam.ac.uk

Studies have shown that copyright is of great economic significance. The advent of digital technology has increased the economic importance of copyright in areas such as electronic publishing, CD-ROMS and multimedia, digital broadcasting, computer programs, databases and Internet communication. Simultaneously digital technology has made copyright infringement much easier. Given the clear increase in the economic importance of copyright through the advent of digital technology, what challenges does this increased importance represent? The economic analysis of copyright is complex. As a component of the perfect market, information should become costless and instantly available. As a good that must be produced within that market it must give its producers an incentive to produce. In addition, some works require enormous investments of time and money, have a long life span, require no maintenance and can be copied at no cost, therefore requiring high copyright protection. On the other hand, other works require little investment or can be protected by technological means or by advertising, hence requiring a lower level of protection to guarantee an adequate return to encourage future production. The challenge from an economic perspective is to achieve the right level of copyright protection. It is just as dangerous to produce a system with too much protection as one with too little. If the level of protection is too low, authors will probably not create. If copying is cheap and easy, the price that can be charged for the original may decrease to an extent that even something which can be produced at low cost will not be produced in the absence of legal protection. If the level of protection is too high, that will diminish the public domain of freely available material, depriving future creators of the raw materials they need to create new works.