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Case Study

Advertisement Revenue on YouTube

'The Bottom Line on Earning With YouTube

Individuals and businesses make millions of dollars through YouTube advertising, but there are risks to using a platform controlled by another company. Not only is there a chance that a change in Google's search algorithms could make or break video traffic, but Google also takes a hefty 45 percent cut of revenue from video advertising. Nevertheless, YouTube is a massive platform and is the world's second largest search engine after Google, which includes YouTube videos in search results. If the benefits of reaching YouTube's large audience and having Google handle the most labor-intensive parts of building an advertising network outweigh the costs and risks, this platform is a great resource for turning videos into cash.'

Rosenberg, E., 2020. *How Youtube Ad Revenue Works*. [online] Investopedia

YouTube falls under one of the many music streaming sites that millions of people use. It is one of the most popular ways for legally streaming music for free. Not only can people listen to new releases for free, but also watch the music videos as well. It is one of the most popular entertainment sites which holds 1,300,000,000. 300 hours of music uploaded every minute onto the site and 5 billion videos viewed every day.

Although YouTube is a free service, artists make a profit from the advertisements that are presented either before or during their videos. Viewers have the option of interacting with the adverts by clicking on them and being redirected to another page or they can wait roughly 30 seconds for the advert to finish, so that they can proceed to watch the video.

As well as advertisements during the creators videos, YouTubers can also make money from other areas also. After meeting the requirements and being approved for the YouTube Partner Programme, creators can start making money through advertisements which are either CPM (cost per thousand views) and CPC (cost per click). If it is CPM, the viewer must watch the advert for at least 30 seconds in order for the video to create revenue. This is tricky for the creator as a lot of viewers are known to 'skip' YouTube adverts in order to continue with the video.

CPC is based around the amount of people who interact by clicking on the advert in your video.

'Per view, advertisers on average pay \$.18. If your channel receives 1,000 views, it's worth \$18. Google keeps 45 percent of what is made, so a YouTuber would make (on average) \$9.90 per 1,000 views.' - Hunt, H., 2019. *How Much Do Youtubers Make (And How You Can Make It, Too).*

AdSense is a free advertisement platform, created by Google, that is used through YouTube by posting advertisements on the users page that are relevant to the content posted by the content creator. AdSense can be connected to various different platforms including various social media platforms as well as YouTube.

One of these being 'Product placement', which is when a YouTuber actively advertises a product on their video. A lot of creators are 'unboxing' and revealing' products sent to them from various businesses', where they will show off the products and talk about them. This is known as influencer marketing, and is a source of income for the video creators.

Branded Entertainment is another example of content creators making money. This is where an influencer will base their entire video around a product, where they will make exclusive content around the product to showcase it.

Patreon is a crowdfunding platform where people can create an account for others to contribute towards. YouTubers often create Patreon accounts where they offer exclusive content for a set fee a month from followers.

Some sponsorship deals' income can depend on how many views the video gets. For example, some brands will pay the creator £50 per 1,000 views and some will have different deals depending on the company.

Copyright and Songs Featured in YouTube Content

There are a lot of challenges YouTubers encounter when having their own account that they regularly upload content on to.

Any user can post a song cover on YouTube without having to pay any licensing or mechanical rights for the cover, however, if the cover is offensive or reflects negatively on the original songwriter/ performer, then YouTube has the right to remove the video.

The song owner has the right to decide whether they feel comfortable with a cover being posted or not, most songwriters/ performers are okay with their content being covered on YouTube, just as long as it is not offensive. It especially gives smaller artists' more exposure if their content is being covered and posted online.

If one were to want to record and release a cover of someone else's song, then they would have to obtain certain rights to release and create an income from the song. As YouTube is a different streaming platform than Spotify or Apple Music, artists covering songs will not have to pay any sound recording fees.

"Prince believes it is wrong for YouTube, or any user-generated site, to appropriate his music without his consent," the company said in a statement released to ABC News Thursday. "That position has nothing to do with any particular video that uses his songs. It's simply a matter of principle. And legally, he has the right to have his music removed. We support him and this important principle. That is why, over the last few months, we have asked YouTube to remove thousands of different videos

that use Prince music without his permission." - News, A., 2009. *The Home Video Prince Doesn't Want You To See*. [online] ABC News

From mid-September 2019, YouTube changed their policy on music infringement. The previous policy was that any copyright holder of a song can remove and block a user from using their content without a license or permission. The rightsholder is provided with tools which could remove, block, monetise or leave the content uploaded. This meant that the sound rightsholder would receive all the revenue, even if only a small amount of music was used in the video.

YouTube announced that they would change the policy *"To improve fairness in the creator ecosystem, while still respecting copyright owners' rights to prevent unlicensed use of their content."* -A quote from a YouTube representative about the policy change, 2019.

YouTube suggested that very short and unintentional use of music used in video's should be unclaimed by rightsholders. The copyright owner now has the options to block the creator from making money, blocking the video entirely or leaving the video up. Although the rightsholder can request revenue from the video, YouTube will have the last say and make the final decision where the revenue will go to. There were a lot of complaints from users using music in the background (intended or not), not being able to access any revenue made from the video through adverts. Creators felt that they were bringing in the views on the videos but the rights holders were getting all the revenue for video because their song was used, even for a very short time, or in the background of the video. YouTube changed their policy in 2019 because of this, and wanted a win-win situation for both rights holders and video creators on YouTube.

Copyright, Design and Patents Act 1988



Copyright, Designs and Patents Act 1988

1988 CHAPTER 48

An Act to restate the law of copyright, with amendments; to make fresh provision as to the rights of performers and others in performances; to confer a design right in original designs; to amend the Registered Designs Act 1949; to make provision with respect to patent agents and trade mark agents; to confer patents and designs jurisdiction on certain county courts; to amend the law of patents; to make provision with respect to devices designed to circumvent copy-protection of works in electronic form; to make fresh provision penalising the fraudulent reception of transmissions; to make the fraudulent application or use of a trade mark an offence; to make provision for the benefit of the Hospital for Sick Children, Great Ormond Street, London; to enable financial assistance to be given to certain international bodies; and for connected purposes.

[15th November 1988]

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Legislation.gov.uk. 1988. *Copyright, Designs And Patents Act 1988.*

The CDPA (Copyright, Designs and Patents Act) 1988 protects the copyright of creative intellectual property content including;

- Literary, Dramatic and Musical work
- Artistic works
- Sound recordings
- Broadcasts

Actively in the music industry, the CDPA puts in place the copyright and expiration date of songs and recordings that are allowed to be used to create revenue for the content for another, who is not the copyright owner.

Copyright lasts 70 years after the author has passed away and if the author is not known, it expires 70 years after the content is released to the public. Copyright lasts 50 years after the recording is made until sound recordings are made public.

'Happy Birthday' Copyright Lawsuit 2016

In 1988 Warner/ Chappell purchased the copyright for the song 'Happy Birthday' which had allegedly been written in the 19th Century originally as 'Good Morning To You'. Warner/ Chappell paid \$25 Million for the copyrights of the song which was valued at \$5 Million at the time.

Although Warner/Chappell bought the rights to the song 'Happy Birthday', the song 'Good Morning To You' had appeared in print in 1912, and was said to have been composed by a Kindergarten teacher in Louisville, Kentucky however, had no copyrights and was in the public domain until 1935. The Summy Company registered the copyright in 1935 until Warner/ Chappell purchased the rights in 1988.

However, in 2016 a court filing required them to pay \$14 Million for the song to be in the public domain again. Warner/ Chappell have been receiving the royalties of the song since 1988, when bought by the company.

"The judicial determination that 'Happy Birthday' is in the public domain also has substantial value," states the memorandum in support of the settlement. "Because Defendants have charged for use of the Song, untold thousands of people chose not to use the Song in their own performances and artistic works or to perform the Song in public. This has limited the number of times the Song was performed and used. After the Settlement is approved, that restraint will be removed and the Song will be performed

and used far more often than it has been in the past. While there is no way to make a reliable estimate of the increase that will result, there can be no dispute that the increase will be substantial."-Quote from an unknown source involved in the court filing, 2016.

Intellectual property

YouTubers will often have a trademark which will be a sign or a design or an impression which they will own the rights to therefore no one else can use it in their content. When bands are formed they usually buy the domain and property rights for their name or logo. In the UK musicians can apply to register their trademark on the Gov.UK site where the ® symbol will show it is owned by them, showing others it is not available to be used. Often on YouTube musicians and other content creators will have their trademark featured in the video. The registered trademarks last 10 years and the registration process takes 4 months if there are no objections or disputes.

If someone else uses the trademark for once it has been registered, they can face legal action for illegally using a registered trademark.

'But she's had mixed success. The day before the release of her album 1989, the artist filed applications for the lyrics "Nice to Meet You, Where You Been?" and "This Sick Beat" to use across 16 categories of products. What hasn't yet been brought to light is that most of these applications were actually abandoned in January 2017 due to "no statement of use filed," despite applying for multiple extensions, according to legal database Justia. Today, Swift owns the rights to these two lyric trademarks only for clothing and stationery, while all other uses are, at least on paper, open to exploitation by third-party sellers. (Venable LLP and Milom Horsnell Crow Rose Kelley PLC, two of the law firms that have handled trademark applications for Swift, did not respond to a request for comment.)'- Hu, C.,

Taylor Swift is one of many artists who have trademarked lyrics and phrases within their music used on merchandise stores including clothing.

Copyright gives the creator exclusive rights to a piece of artistic, creative and intellectual rights for a period of time.

This falls under the CDPA (Copyright, Designs and Patents Act 1988). As mentioned earlier in the CDPA section of this study.

In the UK this can be registered and applied for on Gov.UK.

This will cover literary, artistic, musical, and dramatic material including sound recordings and mechanical rights. This allows owners to take legal actions on infringement and plagiarism.

A Trade Secret Protection is information not known by the public, which an artist has the rights to, until the information is no longer relevant. For musicians, this will normally fall under development and ideas for songs and other musical ideas and plans.

Patents rights ensures that songwriters own the rights to the songs, which if other artists want to cover, adverts to feature and any usage of the material used for commercial or revenue purposes.

If another artist would want to use the musical content, they need to get permission to use it as sampling or a cover of the song.

The song becomes a public domain 70 years after the author has died, meaning anyone can use the song for any reason.

Design rights mean that anyone can create a design and own the domain for it meaning no one else can use it. The design can be a logo for an artist or band. Clothing and merchandise without permission to use it will be infringing the rights that the artist has to the logo.

For example, if a clothing store was to sell t-shirts with the Rolling Stones logo on it without permission, they can be taken to court and sued for using a design copyrighted by another.

The Verve's song Bitter Sweet Symphony court case with The Rolling Stones is one of the most famous court cases over infringement and usage of the same chords.

After more than 20 years of dispute over the song, The Rolling Stones gave The Verve the rights to the royalties and the song and the dispute had been laid to rest and resolved.

But Allen Klein, who managed the Stones in the late 1960s and who controlled the band's song copyrights through 1970, sued The Verve for plagiarism shortly after "Bitter Sweet Symphony" was released, saying that the younger Brits had used far more of "The Last Time" than was mutually agreed upon and that The Verve's use was not just a small sample but infringed on the songwriters' rights.-Tsioulcas, A., 2019. *NPR Choice Page*.
[online] Npr.org

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