

BREAKING DOWN DIGITAL BARRIERS



CASE STUDY

# DRM-protected Music Interoperability and Innovation

by Urs Gasser and John Palfrey



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## ABSTRACT

This report – representing one of three case studies that are part of a transatlantic research project aimed at exploring the potential relation between ICT Interoperability and eInnovation – examines issues surrounding DRM interoperability within the context of music content. Recognizing that interoperability will likely be defined differently by different stakeholders, we begin by establishing a rough, holistic working definition of interoperability and then assess the implementation of DRM in the music content market and associated problems with regard to interoperability. We then go on to explore the technological, market, and legal environments in their relation to and impact upon the achievement of interoperable DRM systems. In part 2, we analyze potential benefits and drawbacks of an interoperable DRM environment for the music content market. We then evaluate both private and public-initiated approaches towards the accomplishment of interoperability using a series of qualitative benchmarks. Lastly, we conclude by summing up the merits and demerits of the various approaches. Our findings lead us to surmise that normative considerations weigh in favor of greater interoperability in general. The challenge of determining the optimal level of interoperability and the best approach for attaining it, however, points toward consideration of a number of complex factors. We conclude that the best way to determine the optimal level of interoperability and means of accomplishing it is to rely upon economic-based assessments on a case-by-case basis.

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