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1. Executive Summary

Fox Broadcasting Company is a unit of Fox Entertainment Group, the film and television subsidiary of Rupert Murdoch's News Corporation launched in 1986 (Fox Broadcasting Company, 2010). Currently, it has more than 200 affiliate stations, including 17 company-owned TV outlets. The network offers such hit primetime shows as American Idol, So You Think You Can Dance, and House, as well as its Sunday night lineup of comedy animation programs The Simpsons, Family Guy, and American Dad.

FBC has many direct and indirect stakeholders which range from the owners of the company to the U.S. government and its agencies. The targeted users for many of these stakeholders most especially the company are divided into three categories which include: general users, users with privacy concerns and users with copyright concerns.

Over the years, FBC has faced growing challenges in trying to deal with the issues of copyright and user privacy concerns both of which are attributed to the current policies in place. In regards to copyright issues, FBC has chosen to take a strong legal stance on copyright infringement as reflected by the Terms of Use section (Access and Use) on Fox.com. However, the result of taking legal action against specific users how pre-release, post-release, and remix the company's content on the internet been ineffective at resolving the matter. The other major issue has been the company’s failure to properly address potential user privacy concerns. Currently, the privacy policy on Fox.com does provide sufficient explains in the areas of: (Information Collection and Information Access) and (Privacy Practices of Third Party Companies). The first concern stems from the fact that it is unclear to users what information is being collected from them by
Fox.com as the policy only provides a vague description. Secondly, the forum function on Fox.com does not provide clear explanation or reference the privacy policies of the third-party companies that support the function in terms of what information they are collecting about users.

These two issues has put FBC’s future revenues and business-customer relationship in jeopardy as costly legal action continue to mount along with growing public sentiments for more personal privacy. In an attempt to address these issues, recommendations have been provided to directly modify the specific areas previously mentioned within FBC’s current Terms of Use and Privacy Policy. The end result will not only strengthen FBC’s relationship with it's current audience but continue help grow the company's profits by expanding their presence through new marketing channels.

2. Company Introduction

Fox Broadcasting Company (FBC, website at www.fox.com) is an American television network operated by Fox Entertainment Group, part of Rupert Murdoch's News Corporation. The FBC and its associates own many entertainment channels internationally although these do not inevitably air the same programming as the U.S.

Mission Statement

"Every day, hundreds of millions of people are entertained and enlightened by the authors and actors, printers and producers, reporters and directors who fulfill our mission. That mission remains unchanged after half a century of expansion and improvement: the creation and distribution of top-quality news, sports and entertainment around the world." (News Corporation, 2002)
Many main shows of the 1990s had ended or were on the decline. In this period, FBC put much of its endeavors into producing reality fare with subjects often seen as extravagant, shocking, and or distasteful. By 2005, FBC's most popular show by far was the talent search American Idol, peaking at up to 37 million viewers on certain episodes and being the nation's highest-rated program in the 2004–05 season (Lee, 2006). Along with success of reality shows from FBC, other dramas such as Prison Break, House, and 24 have been viewed by many audience members. However, over the years FBC had become challenged by growing number of legal and ethical issues that were directly attributed to copyright and privacy.

3. Stake Holders

The Stake Holder is defined as a person, group, or organization, which has direct or indirect stake in an organization because it can affect or be affected by the organization's actions, objectives, and policies (Mitchell, 1997). Key stakeholders in FBC including owners (shareholders), government, employees, users, right holders, and suppliers, are below:

- Owners
  - FBC (subsidiary of News Corporation) owned by Rupert Murdoch, Australian-American media mogul, the founder, a major shareholder, chairman and managing director of News Corporation.
  - The second largest shareholder is Saudi billionaire Prince Al-Waleed bin Talal who posses 7% of share. (Li, 2010)
• Government
  o Chairman: Peter Rice
  o President: Kevin Reilly

• Employees
  o Common job titles:
    • Manager, 5%
    • Director, 4%
    • Vice president, 3%
    • Producer, 2%
    • Executive director, 2%
    • Others, 86%
  o Company Size: 3000 employees (Talent Acquisition, 2010)

• Users

The targeted users for these stakeholders range from common viewers to an individual user who have copyright or privacy concerns.

  o General users
    • Television audiences
- Website membership users

- Official forum users

- DVD consumers

  - Users with privacy concerns

    - FBC website membership users who provide their personal information through website have concerns to be exposed on the issue of privacy infringement.

  - Users in needs of accommodation:

    - Users who have children under thirteen years old might want to have TV parental guidelines through FBC website.

  - Users with copyright concerns

    - Audiences who create copies of, edit, or share shows or pictures copyrighted by FBC in the web universe.

- Right Holders

  - Copyrighters

    - FBC owns all the copyrights of scripts, story lines, articles, fan fiction, characters, drawings, information, suggestion, ideas or concepts submitted from fox.com (Fox's Terms of Use).
• FBC owns copyrights of all their TV shows and episodic pictures.

  o Trademark owners

  • FBC owns trademarks which is "FOX" and others from popular television shows such as Simson.

Figure 1: "FOX™ is a registered trademark of Twentieth Century Fox Film Corporation, used under license by FOX" (Fox's Terms of Use).

• Suppliers

Each supplier group provides their specific things such as financial investment, social media network, or mobile service.

  o Investor: Cisco, Sprint, Hyundai, etc.

  o Social Media Network: Twitters, Facebook, LinkedIn, mySpace, etc.

  o Partnership: Mobile companies, such as Sprint, T-Mobile, AT&T, and Verizon.

  o Regulation: Motion Picture Association of America (MPAA)
4. Issue Section

4.1. Privacy

Problem

Privacy policies are used to notify users about the type of personal information that is collected, the purposes for that collection, how that information is used, and the security with which that information will be handled. In the Privacy Policy (Effective as of May 1, 2008) of fox.com, two areas are not given sufficient explanations.

I. Information collection and Information access

There is not any specific description about what information fox.com will collect from users. In its current version of Privacy policy, fox.com only gives some examples, “full name, email address, mailing address or telephone number”, as the explanations for personal identifiable information (PII). It doesn’t tell users what PII fox.com is actually collecting. Neither does it on non-PII.

As the policy indicates, fox.com may relate non-PII such as the use of the website to PII. If so, the profile of a user will not be restricted to PII only. Currently, fox.com only provides access for users to review the PII it maintains about them in its records. Users couldn’t see what non-PII is kept in their fox.com profiles, even if the non-PII might be linked to PII already.

II. Privacy practices of third party companies
Fox.com has contracts with multiple third-party companies whose targets vary from ads to social networks. And it claims that fox.com “is not responsible for the privacy practices of web sites operated by third parties that are linked to our site(s) or for the privacy practices of third party or national Internet advertising companies”. Users should check the applicable privacy policy of the third party by themselves.

Then how easy will it be for users to find out the privacy policies of these companies? Take the “community” function of fox.com as an example. “Community” is a platform provided on fox.com for audiences to talk about their favorite shows, make new friends or find out the secrets of the next season. There are 19 communities built for the 19 most popular TV shows of FBC. Communities differ from each other, not only in styles, but in which company supports this community or provide APIs as well. Companies involved, except FBC, include Mzinga, fox digital media, wetpaint, vizu, meebo.com and doubleclick.com.

<table>
<thead>
<tr>
<th>Fox.com</th>
<th>Mzinga</th>
<th>Wetpaint</th>
<th>Fox digital media</th>
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<tbody>
<tr>
<td>Brothers</td>
<td>American dad</td>
<td>Dollhouse</td>
<td>American idol</td>
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<tr>
<td>the Cleveland show</td>
<td>America’s most wanted</td>
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<td>Glee</td>
<td>Bones</td>
<td>Fringe</td>
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<td>Hell’s kitchen</td>
<td>Cops</td>
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<tr>
<td>Human target</td>
<td>House</td>
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<tr>
<td>Lie to me</td>
<td>the Simpsons</td>
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<td>Past life</td>
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<td>So you think you can</td>
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<td>dance</td>
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<td>the Wanda Sykes show</td>
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</table>

Table 1: Community categories based on main supporters

Except “American idol”, all the other communities’ URLs show that they are under fox.com. Even if users find out that they are actually using services from a third-party
company, it’s still not easy for them to know what information this company is collecting from them. Companies such as vizu and Mzinga, don’t provide privacy policies of what information they will collect through their products incorporated by other websites. Therefore, fox.com’s referring to other companies’ applicable privacy policies is not helpful or even practical for users.

**Recommendations**

Compared to TV, as a new broadcasting medium, internet could help FBC attract more audience’s attention and get more people involved in their TV shows. Especially the online community function, it could be an effective way for a broadcast company to communicate with its audience about the shows and get their timely feedbacks. Together with the online streaming of FBC’s hit TV shows, more traffic should be expected to come towards this website. Therefore more profits could be brought to FBC. Besides, by analyzing data collected from users, FBC might also find more about the interests of its audience so as to get more hints about new shows.

Maintaining web services, especially the communities will be beneficial to FBC. However, while engaging audience, fox.com should also pay its attention to protecting their privacy as well. People do care about their privacy when using internet. In a March 2000 BusinessWeek/Harris Poll, 75% of respondents indicated that privacy notices were either "absolutely essential" or "very important." And the violation of consumer expectations about privacy could bring FBC to face a loss of reputation that could translate into losses in the marketplace, like what doubleclick.com faced when they planned to link their PII to non-PII (Privacy and the Google-DoubleClick acquisition).
To help FBC to keep a profitable web service and promote the responsible business-customer relationship, we have proposed the following suggestions.

(1) Provide clear description about what information fox.com is collecting and give users access to their information recorded by fox.com.

Both the categories of PII and non-PII that are collected from users should be informed to users. Since it’s possible that fox.com will link PII and non-PII together, users should be given access to check what information is kept in it.

(2) Provide links to privacy policy of third-party companies linked to fox.com.

Since fox.com incorporates multiple third-party companies and doesn’t take any responsibility of the privacy practice of these companies, fox.com should provide a list of all companies connected with it and the links to their privacy policies for reference.

(3) Warn users when they are leaving fox.com.

Now, in fox.com, third-party companies can be co-branded with FBC. It’s even harder for users to separate which is fox.com and which is already in the scope of a third-party company. So fox.com should warn its users when they are leaving fox.com. Then users could check the corresponding privacy policy of the company they are going to use.

4.2. Copyright

Problem
The growth of copyright infringement has been dramatic over the years and is largely attributed to the advent of new technologies which has greatly expanded the ease of reproducing, remixing, reposting and distributing unauthorized intellectual works. FBC have become entangled in an embittered battle with copy infringers over the pre-release, post-release and remix of their intellectual works which include: movies, television shows, television news segments etc. According to FBC, in certain cases such as with episodes of its show “24″ uploaded online before they were officially broadcasted caused the company incur a loss of $4 million dollars (Enigmax, 2007).

Based on fox.com’s Terms of Use, their current approach to dealing with copyright infringement has failed to stop infringers from continuing to upload and share material through unauthorized venues. The company’s decision to specifically track and take legal action against individual users along with file sharing sites has caused the company to waste tremendous resources with little results to show for. An example of legal action taken by FBC included subpoenaing YouTube, demanding that the site provides the details of users who uploaded four episodes of “24″ and twelve episodes of “The Simpsons” (Cashmore, 2009). User details were eventually released and Fox was able to take action against the individual uploader. However, both television shows continued to find their way onto other video and file sharing sites. The choice to issue Digital Millennium Copyright Act (DCMA) take down provisions against video sharing websites (YouTube, LiveDigital, Blogs, etc.) has been ineffective at remedying the problem. More importantly, these legal actions have hindered the company’s ability to understand the benefits that could be leveraged from this problem. Due to how the current Terms of Use has been framed, the copyright section does not take into account that under certain
circumstances users pre-release, post-release and create personal remixes of the company’s media content for non-commercial purposes because they are simply fans of a specific television show or movie for example. The Terms of Use section (Access and Use) is too narrowly defined and no longer fits the current environment. As stated in the (Access and Use) section: “The reproduction, duplication, distribution (including by way of email, facsimile or other electronic means), publication, modification, copying or transmission of material from the Sites is strictly prohibited” (fox.com, 2009). There is no clear detailed explanation as to what situations would users be permitted to engage in the activities mentioned and not be liable for infringement. In doing so, it jeopardizes not only the relationship between FBC and passionate fans that are making positive a contribution but also the company’s ability to leverage value out of free fan generated publicity.

**Recommendations**

Choosing to take strong legal action against copyright infringers will never solve the problem since its only functions as a temporary deterrent. FBC must move away from such tactical approaches and take a more strategic outlook on the matter. Technology that enables infringement of intellectual works to take place will for the foreseeable future outpace copyright laws and its enforcement. FBC has the opportunity to avoid the mistakes of the music industry that launched a legal campaign against individual infringers a few years earlier. For 10 years, legal action was taken against some 35,000 people, and tens of millions of dollars were spent in the process. The end result created a public relations nightmare and was seen as a financial disaster. Many court cases resulted
in no conviction and those that were successful did not diminish level of copyright infringement that continued to take place (Moya, 2008). In many ways, the challenge and actions that the recording industry took exactly mirror what FBC and its subsidiaries are currently doing. However, in December 2008, the Recording Industry Association of America (RIAA) finally admitted the error of its ways and abandoned its legal assault in searches for more effective ways to combat online music piracy. If suing people in masses has failed to put a stop to copyright infringement, it is highly unlikely to succeed in the movie and television industry.

A more logical direction for FBC to take is to consider modifying the company’s Terms of Use to better align with the current environment. In certain cases of copyright infringement it benefits the company by generating interest in previously broadcasted material. For example, news segment videos clip from “Meet the Press” on NBC that has been re-posted with commentary actually helped add more exposure for their content, at no additional cost, since the videos are hosted on YouTube or other video sharing sites (Ostrow, 2008). Cases in which users helped attract more audience members for certain television shows or movies is not limited to reposting copyrighted material. Remixing of videos in which users modify existing content and add their own creative elements, for example in the form of addition music, text, voice-overs, etc. has served as being valuable free marketing for the companies. A New York comic-rockgroup named Guyz Nite created an online video for their song “Die Hard,” which worshiped 20th Century Fox’s action-movie franchise starring Bruce Willis was viewed almost 100,000 times on YouTube. The video ended up helping generate buzz and interest for the upcoming installment in the franchise “Live Free or Die Hard” by being viewed almost 90,000
times after having been modified with clips from the new movie (Aspan, 2007). Copyright infringement was clearly committed in these examples but proved to help out the companies as being good free publicity overall. FBC can take advantage of these situations that will only further help generate interest in their products, establishing good relations with their passionate fans who are helping the company and overall being able to generate greater profits.

In order to assist FBC to better address the problem of copyright infringement and leverage value from it. The following suggestions are provided to help modify the Terms of Use to better serve the audience and strengthen the company’s overall business:

(1) Expand Terms of Use section (Use and Access) to define under what context is post-release and remixing of content is permissible to be shared publicly.

The post-release and remixing of FBC’s material if properly defined has the potential to attract more audience members. The efforts that fans put into uploading TV shows or creating their own version based off of existing material often has no commercial purpose. FBC can utilize this as another marketing channel for their products.

(2) Create a (Rewards and Incentive) section that informs users that they will rewarded for contributions that help generate interest for the company’s television show.

Providing rewards and incentive is a proactive approach to get especially the passionate fans to help take part in actively promoting FBC’s products. Furthermore,
acknowledging those that have benefited the company will foster better relationships between FBC and its audience.
5. Reference


