



## SWEDEN: 'Anonymous' file-sharing presents the next big challenge

BY JORN ROSSING JENSEN

Even before the operators of the Stockholm-based Pirate Bay, one of the world's biggest BitTorrent-tracking websites, were found guilty of assisting copyright infringement by a Swedish court in April, they had launched virtual private network service IPREDator that would make file-sharing anonymous. This means a user who logs onto the site can do so without their internet protocol (IP) address being registered. This makes it difficult, though not impossible, for ISPs to track down persistent illegal file-sharers.

Around 3,000 users are testing IPREDator (named after the EU's anti-piracy legislation), and another 180,000 are reportedly waiting to sign up when access to the live site is opened to the public at \$7 (€5) per month.

By late 2008, Pirate Bay claimed

it had more than 25 million global users. Though four of its owners were jailed for a year and fined \$3.8m as a result of the ruling, the site itself was unaffected. What's more, the Pirate Party, backing Pirate Bay, won a seat in the European Parliament last month with 7.1% of the national vote.

Immediately after the Pirate Bay court ruling and the introduction of an anti-piracy law, Swedish network activity was reduced by a third, to around 100 gigabytes per second, according to Henrik Bergqvist, technical director of Swedish ISP Cisco. But, three months on, it is business as usual, exceeding 150 gigabytes per second.

Last month, Pirate Bay revealed it had also launched a test version of Video Bay, a video-streaming site similar to YouTube, which will offer unrestricted content.

Last week it was announced Swedish software company Global Gaming Factory is to buy Pirate Bay for \$7.7m. It says it plans to create a new business model that ensures rights owners receive any revenue generated by content. Furthermore, new legislation in Sweden should make it easier to investigate suspected illegal file-sharers, allowing courts to order ISPs to disclose details identifying suspects.



The Pirate Bay

## RUSSIA: 'Corruption is a huge problem'

BY THEODORE SCHWINKE

On one level, film piracy in Russia, which is mostly counterfeit DVDs, seems to be abating. Legal DVD sales for Russian and Motion Picture Association of America members' titles increased from 24 million in 2005, to 42 million in 2006, to 67.4 million in 2007, to more than 78 million in 2008.

But Russian society in general and even many in the Russian film industry appear to condone piracy, says Mikhail Vyaskov, director of the Russian DVD Producers' Association. "Everybody watches pirated films and no-one ever thinks, 'I'm breaking the law' or 'I'm hurting the film industry'. Nobody cares."

The unauthorised production of DVDs in Russia is a huge industry. Police raids at several optical disc facilities in the past two years have turned up hundreds of thousands of illegal discs in each case.

According to the US-based International Intellectual Property Alliance (IIPA), Russian law enforcement conducted fewer raids against piracy operations in 2008 than in 2007. Courts seldom hand down significant penalties against plant operators and employees, and, so far, never against plant owners. Equipment is sometimes seized, but the plants are often left to continue operation.

Vyaskov says the police and courts are ineffective. "Corruption is a huge problem. It's near impossible to sue anyone

over piracy. Bribes are always welcome."

"It's common knowledge that all these illegal DVD plants are 'roofed', as we say, by influential military and law-enforcement organisations, whether it be the militia or the army," says a leading Moscow-based distributor.

Vyaskov says legal loopholes further hinder prosecutors. Defendants in piracy cases often demand the prosecution presents contractual evidence tracing the rights to a film from the producer all the way to the Russian distributor. "It's almost impossible and very expensive to get all the paperwork. If any of the documents are missing, they get off the hook," he says.

The IIPA says the primary source for pirated films is now unauthorised camcording in theatres. Thirty-five Russian films alone were illegally camcordered in 2008, an increase of 59% from the previous year. "Some are cheeky enough to do it openly," Vyaskov says. "There is a loophole in the law,

wherein if you pay for the ticket and own a camera, you can film whatever you like around you."

But Michael Schlicht, president of Sony Pictures Entertainment Russia, doubts the predominance of camcording as a source of pirated material. "Illegal camcording produces a very, very low quality. If you look through what's on the market, it's high quality," he says. "My best guess is it still comes, as it did earlier, from sources in the [US] studios."

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## SPAIN: All peer-to-peer activity may soon be outlawed

BY CHRIS EVANS

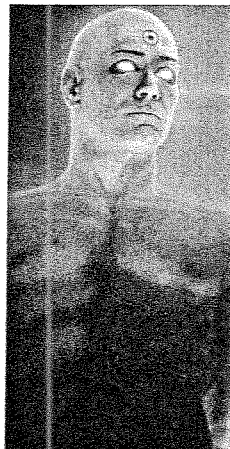
Spain is one of the world's biggest piracy offenders with an estimated 350 million illegal film downloads in 2008, costing the Spanish industry around \$1bn in lost revenue, according to the country's anti-piracy association, FAP.

Yet the situation may change radically following two key appointments: Angeles Gonzalez Sinde, a former Spanish film academy president, has been made culture minister, and Ignasi Guardans has been installed as head of Spain's film

institute, the Institute of Cinematography and Audiovisual Arts. Neither believes legislation is the answer to the piracy problem. "The fight against piracy will never come out of a single piece of legislation," says Guardans. "If somebody thinks a government will come out with a magic formula, they're completely wrong."

So far, just one prosecution has been made against a Spanish site administrator, who was sentenced to six months in jail and fined \$6,500 for profiting from copyright infringement on his site infopsp.com.

It seems Gonzales Sinde is prepared to take drastic action. She has said she is considering a move to make the sharing of digital content illegal — outlawing all peer-to-peer sites. Spain's internet users'



Watchmen was downloaded an estimated 155,000 times in Spain in June alone

association, the Asociacion De Internautas, has reacted with outrage, saying the move would infringe civil liberties.

For their part, Guardans and filmmaker Alex De La Iglesia, the newly appointed president of the Spanish film academy, are keen to point out the end user is not necessarily to blame, but insist the industry itself needs to provide better legal alternatives.

"The best way to tackle the growing number of illegal downloads is for filmmakers to do their films in HD and offer them for download on the same day as their cinema release for as little money as possible, like iTunes currently does," suggests De La Iglesia. "The problem is that the Spanish industry doesn't know how to exploit the internet as a business yet."