

Police in three countries target topsites in series of raids

Recent months have seen anti-piracy investigators taking increased action against topsites. Topsites consist of computer servers that are used to store and distribute pre-release music online. Their operators are motivated by being the first to leak new tracks, making them the source of the most damaging online pre-release leaks.

Simultaneous police operations in Belgium and the Netherlands led to the seizure of a powerful computer server that was being used to run a topsite. Belgian federal judicial police are now investigating its links to a local university.

Police confiscated the server, which had a huge capacity of 45 terabytes, for forensic investigation. One terabyte is the equivalent of 1,000 gigabytes, which could contain 250 films and games or 25,000 songs.

The operation was instigated by the IFPI's Internet Anti-Piracy Unit, whose attention was drawn to the server after it was traced as the source of large volumes of illegal downloads of music, games and films amounting to approximately 300 gigabytes a day.

As the IP addresses of the downloaders were traced to Belgium, IFPI alerted the Belgian Entertainment Association (BEA) and they liaised with local police. The Brussels Computer Crime Unit subsequently traced the server to a data centre in the Netherlands and alerted Dutch police to its presence.

Dutch piracy watchdog BREIN also took down the servers of a separate topsite called SPARTA in December 2008. This site hosted 65 terabytes of illegal music, films, television programmes, games, business software and audio books. It was the largest illegal topsite ever taken offline in the Netherlands.

Also in December, BREIN took down TVL, a topsite containing 45 terabytes of infringing material. BREIN will examine the hard discs of the SPARTA and TVL servers to trace those responsible for the operation of the topsites.

In the Czech Republic police also took down a server which was being used to power a topsite. It was located at the Academy of Sciences in Prague, though not operated by the authorities there, and was used to power the topsite 'BA' or 'blind alley'.

Police discovered the server contained an estimated four terabytes of copyright infringing music, film, games and software and was connected to the internet by a fast one gigabyte line to enable the material to be distributed quickly and efficiently. This makes it one of the most powerful servers ever closed in police action. The topsite was used by several 'release groups' including AG, CaF, DMU, FCR, iTWINS, NBP and SWE6RUS. The police raid in April 2008 followed an investigation by local and international anti-piracy experts from IFPI.

Investigators gathered evidence of the infringement being facilitated by the server and made a criminal complaint. The police were able to verify the evidence, acquire a warrant from the public prosecutor and conduct a raid within 10 days.

Jeremy Banks, head of the IFPI's Internet Anti-Piracy Unit, said: "Pre-release music piracy hurts artists, composers and producers who have spent months working to make an album. We are working to identify the 'topsites' that are being used to post pre-release music illegally onto the internet and secure the closure of the servers that power them".

In this issue.

Page 4. INTERPOL'S IPR Crime Programme Manager speaks.



John Newton talks about INTERPOL's involvement in IP crime investigation.

Page 3. A special report on the importance of optical disc forensics.

Thanassis Zemberis, IFPI, on how the forensic laboratory identifies the source of pirate production

Page 6. Focus on Australia

One million discs seized in largest ever commercial piracy operation.



Fake discs awaiting destruction

Toronto clean-up operation begins

The sale of counterfeit goods in Toronto has been a major problem for more than a decade. The suburb of Markham was especially troublesome, with shopping malls and flea markets openly advertising, displaying and selling counterfeit movies, music and software.

The problem had been left relatively untouched by the police and grew to epidemic proportions. In the three largest malls in Markham, more than 60 stores maintained a flourishing business

solely through the sale of illegal product. Most of these stores were stocked with between 3,000 and 15,000 counterfeit DVDs and CDs, displayed openly with little or no interference from local, provincial or federal authorities.

Organised crime controlled much of this illegal activity which was linked to fraud, tax evasion, violent crime and immigration infractions. Yet, police saw the problem as simply an intellectual property issue that was not high on their priority list.

In October 2008, the Canadian Motion Picture Association (CMPDA) joined efforts with the Canadian Recording Industry Association (CRIA) and the Entertainment Software Association (ESA) to tackle this problem head on and to prepare a convincing case for support from government decision makers and law enforcement executives in 2009.

Raids on notorious Czech border markets continue

Czech customs officers raided a pirate market a few kilometres from the German border, seizing US\$1.4 million worth of counterfeit CDs, DVDs, clothes, watches, handbags, alcohol and cigarettes.

There are around 50 markets in the Czech Republic, strategically located in border towns close to Germany and Austria, which are full of traders selling many types of counterfeit goods to cross-border shoppers.

Officers involved in the raid on the market at Hrensko in September 2008 remained on site for two weeks, effectively stopping the market from being quickly restocked with infringing goods. Improved search techniques meant that in the days following the original raid officers continued to discover secret stashes of counterfeit goods hidden in nearby woods and buildings.

Recent investigations by IFPI anti-piracy experts have revealed the traders are hiding their infringing goods from casual researchers.

Markets that appeared at first sight to not sell counterfeit CDs were hiding them in sealed containers. Customers wanting to buy pirate music or films were taken to the container and shown thousands of CDs and DVDs, including pre-release titles, such as Dido's *Safe Trip Home*, which was on sale almost three weeks before the release date.

Some visitors to the markets get more than they bargained for. One unfortunate German tourist visited the market in Sv. Katerina in October 2008 and was involved in a dispute with a trader who then struck him over the head with a scaffold pole, fracturing his skull. The trader was later arrested for attempted murder.



Poor quality pre-release disc on sale



Hidden storeroom

Toronto clean-up

From the weekend of 31st October 2008 the three associations used civil procedures to conduct simultaneous raids on several malls and flea markets in the Markham region. During these first three days of raids, approximately 40 actions were taken by all participants with more than 130,000 counterfeit DVDs and 6,000 CDs and gaming software discs being seized.

Distributors and vendors were taken by surprise as there had never been such a concerted effort made against them. Five weeks into the operation, the vast majority of these illicit businesses had completely closed or were selling legitimate products. A few of the stores continue to sell some counterfeit products under the counter or through catalogues. The operation significantly discouraged potential customers from attending the malls to buy pirate music and film.

In January 2009, the coalition brought everyone together to prepare a clear message which will be conveyed to public officials and law enforcement authorities that these efforts must be supported and maintained.

They will stand up for local, legal shopkeepers, one of whom recently complained: "How do you expect me to compete with these people? They sell movies and music for two bucks and don't even collect taxes. There is no way that I can operate a legitimate business under these conditions."

These concerted efforts by the trade associations have started a campaign which it is hoped will be taken up by law enforcement who previously, because of other public safety issues and a lack of resources, considered intellectual property infringements to be a low priority.

The ultimate goal is to permanently reverse the behavioural patterns in the Toronto area. Vendors need to understand once and for all that distributing and selling counterfeit product is not tolerated. Consumers need to be educated about the harm caused by supporting such activity. The next phase will be absolutely crucial to the campaign's success.

CONTINUED FROM PAGE 1.



Part of 6.4 tons of goods seized in Toronto

IFPI's Optical Disc Forensic Laboratory



IFPI's forensic unit plays a crucial role in the fight against optical disc piracy, and work done in our forensic lab very often holds the key to anti-piracy actions around the world.

IFPI created its forensic laboratory in 2000 as a direct response to the massive threat confronting the global industry. The lab, housed in IFPI's headquarters in London, uses specialised microscopy and the principles of toolmark forensics to compare optical discs in order to identify whether they were made by the same equipment.

Toolmark forensics is a field within forensic science that has been widely accepted by police, prosecutors and courts around the world for decades. Any moulding process involves the copying of the mould's features onto the product. The optical disc manufacturing process carries this one step further, as the requirements are for a highly accurate reproduction of the pits and lands of the stamper at a sub-micron level.

The whole process is designed and optimised for the highly detailed reproduction of microscopic surface details. Successful moulding requires stable processes with carefully adjusted parameters such as polycarbonate temperature, mould temperature and compression force. This makes optical discs particularly suitable for forensic examination. In addition, the fact that a disc is playable constitutes evidence that the copying process was successful.

The comparison of the surface defects and features on two discs can provide incontrovertible evidence that two optical discs have been manufactured with the same mould component(s), or prove that they were made on different equipment.

As in most areas of forensics, a strong library of reference samples increases the chances of a positive identification. In the case of optical disc forensics, the reference samples are discs obtained directly from replication lines of plants and are therefore of known origin.

To support the lab, IFPI runs a worldwide plant visit and exemplar collection programme which has resulted in an unparalleled library of over 23,000 discs from over 1,000 plants in 79 countries around the world.

Hundreds of optical disc plants around the world already provide samples from their replication lines to IFPI. In doing so, these plants support the industry's fight against piracy and unfair competition and protect themselves from potential false accusations that may stem from high quality counterfeit discs.

Disc content security should be no concern, as the collected samples can be non-metallised substrates that may be further rendered unplayable by the plant if required without any significant impact on their forensic value, or discs made from test or dummy stampers.

IFPI uses state-of-the-art technology and the photomicrographs that can be obtained are of such high quality in forensic terms that a match between two discs can be communicated very effectively removing any doubts as to the validity of the process.

The accuracy of the method and of the equipment used by IFPI's forensic lab guarantees that there cannot be a 'false positive' match.

To date more than 18,400 pirate discs have been submitted to the lab for examination, resulting in thousands of pirate discs being matched to over 300 plants in 45 countries. In 2008 alone, discs were matched to 86 plants in 18 different countries.

IFPI forensic results, have been accepted as evidence in many jurisdictions around the world including Argentina, Belarus, Bulgaria, Czech Republic, Germany, Greece, Indonesia, Israel, Lithuania, Malaysia, Netherlands, Pakistan, Poland, Russia, Singapore, Spain, Thailand, Turkey, Ukraine and the USA.

IFPI's forensic lab is widely respected and has provided training for police and other government forensic laboratories around the world including forensic scientists in Argentina, Brazil, Bulgaria, Greece, Israel, Latvia, Lithuania, Malaysia, Mexico, Poland, Russia, Turkey, Thailand and Ukraine.

In what may be an effort to protect shrinking profit margins, there is increasing evidence that pirates are turning to the production of high quality counterfeit discs. These are manufactured to resemble as closely as possible the original product, through the use of full booklets printed in high quality, fake SID codes and other company logos and identifiers. Apart from posing a great threat to the legitimate market, as they are typically sold as genuine

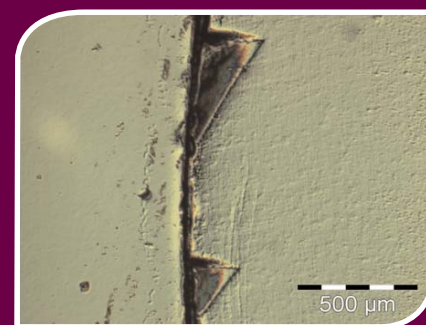
product to unsuspecting consumers, such sophisticated efforts may also result in misperceptions as to which plant is responsible for the counterfeit product.

It is obvious that the ability to quickly determine whether a SID code is genuine or counterfeit and identify the real manufacturing source of a high quality counterfeit disc is very important both to all the legitimate plants around the world and to IFPI and its members. Legitimate plants that share exemplars with IFPI effectively ensure that the industry is not "tricked" into accusing them for infringements; at the same time, IFPI investigators are able to focus all their efforts in the right direction and pursue the real pirates.

IFPI's forensic laboratory may be contacted at forensics@ifpi.org



Reference disc - Malaysia



Counterfeit disc - England

90 seconds with John Newton, INTERPOL

John Newton is the manager for the INTERPOL IPR programme and leads a small team working with global police agencies and rights owners to combat piracy.

What is INTERPOL doing to combat commercial piracy?

Commercial piracy is a growing phenomenon that affects all types of industries. INTERPOL works with stakeholders like IFPI, national police forces and customs officers to coordinate and facilitate international investigations against organised criminals.

Do you think there is a relationship between organised crime and piracy?

Our investigations show clear links between organised crime and piracy. Very often the people involved in piracy are also involved in other criminal activity, including money laundering, drugs trafficking and a range of other criminal activities.

How can INTERPOL and rights organisations work more effectively together?

Our resources need to be targeted where they are most effective. We therefore need to get better at using all relevant information within the restraints of national data protection legislation. In many countries, the law allows information to be shared with the police to prevent and detect crime. We have enjoyed success working with stakeholders by making the most of the available information to really focus our efforts.

How will INTERPOL's new international piracy database boost efforts to combat piracy?

Its main purpose is to identify links between apparently unconnected attacks by organised criminals on a range of different affected industries. Some sectors are good at sharing information with us, but others do not work with investigators from other industries, leading to a duplication of resources. Using the database, we can link apparently unconnected investigations and ensure that we all focus on where we can make the most difference.

Can rights holders gain access to information held on the database?

Only staff working on the intellectual property (IP) crime programme can access the database which was built to protect proprietary information. If we identify a link between two criminal operations we speak to the relevant investigators from each affected industry. If they agree we can disclose the fact they may be the subject of a criminal attack by the same gang as another organisation, we then refer them to each other. We only disclose the contact details of each party and their investigation reference number.



Can INTERPOL assist investigations in the online environment?

Yes, however we rely on the industry that is affected by online piracy to complete the investigation themselves as they are in the best position to do this. Our role is to act as a catalyst for international enforcement action and facilitate collective investigation into the criminals involved. For example, if one gang is attacking four or five different copyright industries we would work with them all and national police forces to ensure all available resources are targeted at the criminal conspiracy.

How important is the training of law enforcement officers in the fight against piracy and what training programmes are being developed?

Training is essential as many officers are new to the business of IP specific crime investigation. We work with our partners to provide senior officers with sufficient knowledge to enable them to make the most effective intervention through a range of training programmes. For example, in 2008 we worked with the Guardia di Finanza in Rome to deliver three one-week courses, training 100 officers from 62 INTERPOL member countries. In Africa, we trained another 138 police and customs officials from 26 countries. We ran two three-day operational IP crime conferences in Canada in 2008 and the next is set to be in Dublin this year. We have also published an IP training manual, written with our partners in industry, which is available to all our member countries in the four INTERPOL languages.

What is INTERPOL doing to raise public awareness about the dangers associated with pirate products?

We want policymakers around the world to know about the connection between organised crime and IP crime. For many years customs have been heavily involved in this issue, but police traditionally did not invest a lot of resources in this area. INTERPOL is the international police champion on this subject and we are working to encourage chief police officers to invest more resources in this area.

Can you tell us about 'Operation Jupiter'?

We work with industries hit by IP crime at an operational level in South America. We initially got five countries - Argentina, Brazil, Chile, Paraguay and Uruguay - focused on this issue. They are now joined by Bolivia and Peru. Police and customs in these countries work with INTERPOL, the World Customs Organisation, the private sector and others to counter the criminal activities of groups that systematically manufacture and distribute pirate CDs, DVDs and other copyrighted material. In 2008, 'Operation Jupiter III' led to the arrest of 185 people and the seizure of counterfeit goods to the value of US\$121m, as well as large consignments of drugs and weapons.

If you could achieve victory in just one battle in the war against piracy, what would it be?

The more successful international investigations that we can work on with the copyright industries - similar to the success we achieved with IFPI in the OiNK investigation - so we send a clear message to the pirates that their activities are not beyond the reach of law enforcement.

IFPI Digital Music Report

IFPI published its Digital Music Report in January 2009. It collated separate studies in 16 countries over a four-year period to estimate the level of unauthorised file-sharing at over 40 billion files in 2008. This means that, globally, around 95 per cent of music tracks are downloaded illegally without payment to the artist or the music company that produced them.

Estimates of the impact caused by piracy vary. In the UK, Jupiter Research valued the loss at £180 million in 2008, with a cumulative loss to the industry of £1.1 billion by 2012 if nothing is done. Europe Economics estimated the potential job losses from piracy to the music, film and TV sectors at 30,000 jobs in the UK alone.

Piracy is affecting investment in new music in many countries. The French share of newly released albums domestically fell to 10 per cent in the first half of 2008, compared to 15 per cent in the first half of 2005. In Spain, just one new local artist featured in the Top 50 albums in 2008. Back in 2003, there were 10 new Spanish acts in the Top 50 album chart.

Unlawful downloading is driven by free availability - not greater choice of repertoire. Entertainment Media Research in the UK found that 71 per cent of people who said they file-shared more heavily in 2008 cited the fact that they could obtain music without payment as their number one reason for doing so. Recent research from NPD in the US found users were describing their experience of file-sharing networks as getting worse.

The Digital Music Report noted pre-release piracy is probably the most damaging form of copyright infringement, impacting on sales of the original tracks or album at what should be the high point of consumer interest. There are "ripping groups" that work to maximise the distribution of pre-release infringing music online, causing damage that can mean the difference between an album charting in the Top 10 or missing out.

Music companies increasingly use IFPI's Internet Anti-Piracy Unit to fight pre-release piracy. The team sends notices and warnings to infringing uploaders and operators of indexing and tracking sites that may be followed up with criminal or civil legal steps.

In 2008, IFPI removed three million infringing web links, up from 500,000 in 2007, stopping potentially hundreds of

millions of unlicensed downloads.

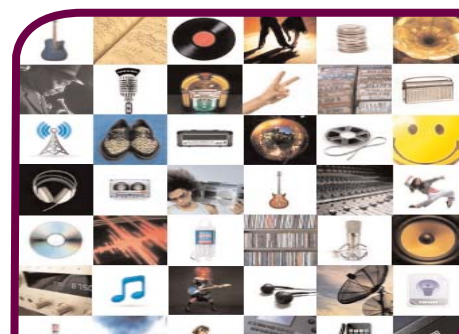
Stopping a pre-release album leak aims to help boost legitimate sales. Zomba Records called in IFPI's anti-piracy team after Usher's latest album, *Here I Stand*, leaked weeks before its May 2008 release date. Investigators tracked down the original source of the leaks and issued more than 4,000 'notice and takedown' orders to remove links from blogs and forums to the copyright-infringing music. This kind of action supports a label's marketing strategy, allows anticipation to build up ahead of release day and contains the damage caused by the leak. *Here I Stand* went on to be a big success, topping the Billboard Hot 100 chart.

A similar exercise by the IFPI team stopped all online pre-release leaks of Enya's November 2008 album *And Winter Came....* Investigators ensured that sufficient security measures were in place on all aspects of the manufacturing process and artwork production and also ensured that all unauthorised content was taken down from the internet as soon as it was discovered. The album subsequently became a top ten hit in the US and many European countries.

The report noted that while such exercises can prove successful in individual cases, ISP cooperation with rightsholders is needed to comprehensively address mass online piracy.



Fake discs are often burnt from illegal downloads



IFPI Digital Music Report 2009

Record numbers of websites taken down

A record number of illegal file-sharing sites were simultaneously removed from the internet, when 75 Dutch websites were taken down because they posted illegal links to files containing films, music and games.

These sites were managed by several different operators, but all made use of the same technical model that was obtained from the same individual.

The websites made money by giving preferential treatment to users that paid a 'donation'. Such users were enabled to download unlimited

amounts of illegal content for a set period of time.

The action involved sites including Allmypower.org, Luckytorrents.org, Allmymovies.org, Digi-tor.org and Seederstor.org. In total, these sites had around 100,000 links to copyright infringing material and half a million Dutch users. The sites were in Dutch but offered access to international popular content.

"Clearly this is an organisation aimed at illegally making money by systematically organising the theft of other people's creative work through a chain of relatively small sites," says BREIN

director Tim Kuik: "Knowingly linking to illegal content is illegal. They are party to a crime."

Australia's largest ever seizure of pirate Asian music

In December 2008, New South Wales Police executed five search warrants across Sydney, uncovering an estimated one million pirate Asian movie and music discs, allegedly manufactured in a clandestine commercial scale production plant in Smeaton Grange.

The seizure is the largest ever of pirate music and Asian movies in Australia. NSW Police were assisted by industry investigators from MIPI and Verifact Risk & Investigations.

The raids followed months of extensive surveillance and investigation into key members of the pirate manufacturing ring, who allegedly used a shop front in Cabramatta to distribute the pirate goods. In a bid to avoid detection, the organised criminal gang migrated its operations across a number of Sydney suburbs. Search warrants were previously executed on Van's Music, Cabramatta in June 2008 when 20,000 suspected pirated DVDs and CDs were seized. The proprietor of Van's Music, a Mount Annan woman, is currently before the courts on multiple charges of piracy as a result of an earlier March 2007 raid.

Amongst the seized discs were a large number

of Asian TV dramas and music CDs by a range of popular Asian artists.

The investigations manager of the anti-piracy organisation for the Australian music industry, Dean Mitchell, stated: "Today's record seizure confirms that physical piracy remains a huge problem for the music industry. The commercial scale production and distribution of pirate music discs robs artists and songwriters of their rightful rewards. Piracy is a serious crime and police continue to show they are prepared to take decisive action against these thieves."

Sydney internet cafe owners fined

Interville Technology Pty Ltd pleaded guilty to 40 charges of copyright infringement at a Sydney court in November 2008. Magistrate McIntosh imposed a fine totalling A\$82,000 on the company plus court costs and ordered that the computer terminals and servers seized during an earlier raid were to be forfeited.

The charges arose from a December 2007 raid by the Australian Federal Police on the Interville Technology Internet Café. The raid followed a long-term investigation into the café's operations by MIPI and the Australian Federation Against Copyright Theft (AFACT) which confirmed that the café was charging hourly fees for customers to view infringing movies and music and selling storage devices with capacities of up to 60GB - capable of storing over 40 movies and hundreds of music files - which customers were using to copy infringing music, movies and TV shows.

The internet café was operating 60 computer terminals and three servers which contained a total of eight terabytes storage which contained hundreds of thousands of infringing movie, TV and music titles. Seized movie titles included titles not yet released in Australian cinemas such as *American Gangster* and *National Treasure Book of Secrets* as well as numerous music tracks from over 150 well-known artists such as 50 Cent, Alicia Keys and Justin Timberlake.

Sabiene Heindl, general manager MIPI said: "This is a fantastic result for a significant case in the fight against music piracy. For the first time, an internet café has been targeted and justly reprimanded for its blatant facilitation of widespread copyright infringement for commercial gain."



Logging the evidence in Smeaton Grange



Media interest in Australia's largest seizure

Police gatecrash "members only" pirate operation

In October 2008, New South Wales Police, assisted by investigators from MIPI and the Australian Federation Against Copyright Theft (AFACT), raided a large DVD rental store in Sydney's Homebush West where pirated movies and music DVDs were being sold to "members only."

Police seized more than 17,500 pirated movie and music DVDs with an estimated street value of A\$140,000 and 20 burners, along with computer equipment and printers.

The DVD burner operation had the capability of producing over 500,000 pirated DVDs a year.

The raid followed an intensive investigation by police and industry investigators, which confirmed the piracy operation was being controlled and managed from what appeared to be a legitimate DVD rental store. Industry investigators allege that the store sold pirated DVDs 'under the counter' to 'members' able to show an exclusive "membership" card.



Burners seized

Million pirate CDs seized in Malaysia

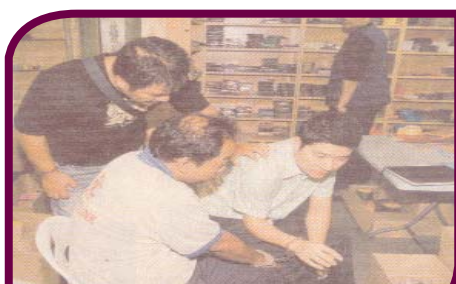
Police in Kuala Lumpur carried out a massive raid in November 2008 that led to the arrest of two men and the seizure of around one million counterfeit CDs.

Abd Jalil Hassan, Assistant Commissioner of Police, said: "My officers posed as potential customers to gather evidence on a criminal syndicate that had been operating for the past three months."

The premises raided in the suburb of Pandan Perdana were guarded by close circuit television cameras on each of its four entrances. The two arrested suspects, who were not thought to be the ringleaders of the operation, were charged under the Malaysian Copyright Act after investigators from the Recording Industry Association of Malaysia (RIM) provided evidence of copyright infringement.

Examination of the seized discs revealed that some had obliterated source identification (SID) codes and they will be subject to forensic examination to identify their manufacturing plant. The use of SID codes is mandatory in Malaysia and their obliteration is a stand-alone offence.

Police enquiries to identify both the manufacturers and the wholesale customers of the organised gang are continuing. The latter task was made easier after police found the pirates' sales ledger. The Copyright Act provides for stringent penalties and RIM is working closely with the authorities to put these offenders out of business.



Suspects under arrest

Nightclubs raided in Mexico City

Police raided 11 nightclubs in Mexico City during November 2008. The clubs were playing recorded music without authorisation from the rights holders.

The raids were carried out by around 180 police officers and officials from the Mexican Attorney General's Office (PGR), supported by industry anti-piracy experts. The operation has led to criminal action being taken against nightclub owners and DJs for playing counterfeit CDs.

IFPI's affiliated national groups are supporting local music licensing agencies in their bid to ensure that all nightclubs operate legally. Their anti-piracy experts provide intelligence support to the music licensing agencies, investigating illegal jukeboxes, unlicensed nightclubs and other music providers that are operating without the necessary authorisations. Somexfon, the Mexican music licensing agency, alerted the investigators about suspect locations across the capital.

The nightclubs are expected to eventually sign agreements with Somexfon, enabling them to legally play recorded music, as has happened in the aftermath of other recent raids in the country.

Smuggled discs seized in China

The battle against cross-province pirate disc trafficking activities continues in the southern Chinese province of Guang Dong.

In December 2008, the Guang Dong Chamber of Audio and Video Distribution (GDCAVD) acted on intelligence received to intercept a truck and confiscated large numbers of pirate discs as they were being loaded onto it at a location near Baiyun Airport.

The shipment, which comprised around 78,000 illegal discs, was believed to have just arrived from Yantai in Shandong Province, where they were allegedly manufactured. The discs were still in wraps of 100 units which suggested they were set to be packed locally. The local enforcement authority impounded the illicit discs and will continue its enquiries into the manufacturers and distributors of this infringing product.

Focus: Brazil

Anti-piracy operations have been occurring right across Brazil with some spectacular results.

These operations are conducted by APCM Brazil, the anti-piracy organisation of the music and film industries. The industries combined their anti-piracy operations because their products are counterfeited heavily by the same illegal syndicates.

The scale of piracy is demonstrated by some of the cases reaching the courts. In one instance a judge in Sao Paulo ordered the destruction of 534,000 blank discs that had been destined for the pirate market.

Law enforcement officers accompanied by investigators from APCM sometimes encounter more than they expect. In a raid in November, officers dismantled a site with 35 burners and arrested two people for suspected piracy offences. It emerged that one of these detainees was wanted by the authorities for murder.

Federal Police officers raided premises in southern Brazil and found, in addition to pirate music, 13.5 kilogrammes of Cannabis and 12.5 grammes of cocaine as well as scales and drug packaging equipment. Two suspects were charged with drug trafficking, smuggling, embezzlement and copyright violations.

Digital piracy is also prevalent, with so-called LAN houses, known elsewhere as internet cafes, proliferating. APCM Brazil monitors these premises and carries out checks. Of 180 premises inspected to date, 88 were found to be condoning the file-sharing of infringing music and film titles by their customers. A total of 475 computers were seized from LAN houses during 2008.



Drugs and Rock n Roll

Customs seizure in Mexico

Two major customs seizures in Mexico yielded 8.7 million blank optical discs. The seizures were carried out in coordination with APCM Mexico, the joint music and film industry anti-piracy unit.

The first shipment, consisting of five containers, was detained in August 2008 at the port of Manzanillo. A follow-up investigation showed inconsistencies in documents that led the authorities to seize the cargo, consisting of 6.7 million blank CD-Rs and DVD-Rs, for contraband violations. The discs carried the "Princo" brand and came from Taiwan. Princo has had a major distribution centre in the Free Port of Panama that serves the Americas for many years.

The second shipment, consisting of two containers with two million blank CD-Rs and DVD-Rs, was seized in October 2008 at the port of Veracruz. The import documents for these discs, also from Taiwan, also showed irregularities.

It is believed these blank discs were destined for Mexico's markets, where more than 120 million burned CD-Rs containing local repertoire are sold each year. Ongoing action against the smuggling of blank CDR-s and DVD-Rs into Mexico is part of the effort to contain the market for pirate products.

Tepito market raided again

Law enforcement officers, with assistance from the local music and film anti-piracy group APCM Mexico, carried out a series of raids in August 2008 on 70 warehouses and 15 laboratories in the infamous market of Tepito in Mexico City.

The suburb of Tepito is renowned as an area where all types of illicit goods can be found and it is a major distribution point for pirate music and films. This investigation was carried out over several weeks and was part of the improved enforcement policy recently pledged by the Mexican government.

Approximately 410,000 recorded CD-Rs and DVDs containing infringing product, three million inlays, 850 burners were seized and two people were arrested in the operation which lasted several hours. A sizeable force was organized for the raid with 375 police officers and 10 prosecutors from the Attorney General's office (PGR) taking part.

According to the enforcement authorities, the criminal organisation in Tepito supplied pirate music and film product throughout Mexico. The large number of burners seized in the operation will have an important impact on the short term supply of pirate product.

Uruguay Customs target smugglers

Customs officials, working with local anti-piracy team Apdif Uruguay, initiated two enforcement operations against duty free shops around the border town of Rivera in October 2008.

The first raid saw the seizure of 750,000 blank DVD-Rs that were being unloaded at a warehouse in the town's duty free zone. A follow-up investigation found the shipment left the restricted Free Port of Montevideo in Uruguay without proper documentation regarding destination and content.

Working with their Brazilian counterparts, officers undertook a raid in Santana do Livramento, across the border from Rivera in Brazil, which resulted in the seizure of 257,000 blank CD-Rs and DVD-Rs. The blank discs were on route to the Brazilian city of Porto Alegre in a tour bus belonging to a Brazilian music group, Toque Fandangueiro. Documents seized with the cargo purported that these discs originated from Miami. Officials are continuing their enquiries.

The raids followed intelligence from the border enforcement programme which indicated that pirates catering for the pirate markets of Brazil are smuggling blank discs through duty free shops on the border. A typical smuggling method is to source the blank discs from the Free Port of Montevideo and use the duty free shops as distribution points. Using this scheme pirates evade import duties on both sides of the border and increase their profits by at least 50 per cent.

Drug cartel sells pirate music

Drug trafficking cartels have expanded their criminal networks to include the smuggling and exploitation of pirated materials in various Mexican states.

The Assistant Prosecutor for the Attorney General's Office, Felipe Munoz Vazquez, confirmed that suspected drug dealers are participating in the distribution and sale of pirated product in Michoacan, Mexico.

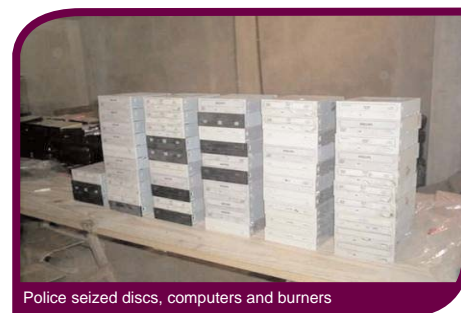
In Morelia, the authorities raided a warehouse full of counterfeit products containing the initials "M" and "FMM", commonly used to identify the "Michoacan Family", a group considered to be the armed forces for the Gulf Cartel; recognised as one of the most powerful drug traffickers in Mexico.

Drug traffickers use fake uniforms to pose as Federal Police, imposing a monthly fee between US\$2,000-5,000 on street vendors in exchange for protection and permission to trade. This scare tactic is used to ensure pirate merchants choose to join the trafficker's cartel.

Without a trace of irony, the syndicate who are responsible for many hundreds of thousands of breaches of copyright legislation, clearly think they have a brand worth protecting and have introduced a hologram sticker, shown below, which is placed upon all the discs they distribute.



Hologram found on pirate discs



Police seized discs, computers and burners



Discs seized in Tepito

Danish court blocks Pirate Bay

Music companies welcomed a landmark Danish ruling which confirmed the illegality of The Pirate Bay and required an ISP to implement measures to block access to the site. The Swedish based service is the world's best-known distributor of infringing music, books and films.

The judgment delivered by the Danish appeal court upholds the decision earlier this year requiring access to The Pirate Bay to be blocked. The court confirmed the mass scale infringement facilitated by The Pirate Bay service and ruled that the ISP Sonofon is contributing to mass copyright infringement by allowing access to the illegal site. It is the latest step forward in attempts by the creative industries to engage ISPs in helping to stop massive online copyright infringement.

The Pirate Bay is a commercially-driven business that makes substantial revenues by facilitating the distribution of unauthorised copies of copyrighted works. The four individuals responsible for setting up and running the site are facing criminal prosecution in Sweden and a hearing is scheduled to begin in February 2009 in Stockholm.

South African vendor arrested

South African police and investigators from RiSA conducted a raid in November 2008 at the premises of a computer and photocopier shop in Fordsburg following a tip-off that the owner was producing and selling infringing copies of music and films.

No illegal activity was apparent in the shop, but it led through to an attic that contained pirate music DVDs and Indian film repertoire, as well as two industrial photocopiers that were used to copy inlays.

At the back of the shop, storerooms containing pirate music CD-Rs, blank CD-Rs and DVD-Rs and copied inlays. In another room, two industrial photocopiers, a guillotine and more inlays were found. Police forced open a further storeroom containing a cache of infringing DVDs and newly-purchased DVD burners still sealed in their boxes.

Approximately 5,500 music CD-Rs and DVD-Rs were found, but from the scale of blank media, inlays, toner cartridges and other equipment it seemed clear that this was a substantial and very profitable illegal burning operation. One man has been charged with copyright offences and remanded in custody.

Three raids on Budapest building

The Budapest Internet Exchange (BIX) building has been the focus of police anti-piracy efforts, with three raids on consecutive days in December 2008.

The first followed a complaint by ProArt, the Hungarian Copyright Alliance, and as a result, domestic internet traffic dropped significantly. The police, assisted by industry investigators, identified the servers that were being used to host and distribute copyright infringing content and seized them. Experts examined six servers which contained up to 50 terabytes of copyright infringing material.

A second raid on the same building involved ColdFusin Hungary, a webhosting and SMS-service company. A further server, which had been used for making available copyrighted content for a premium SMS-payment, was seized. The following day, the BIX building was raided again by Hungarian Customs officers who seized yet another server from 1B Telekom, another company dealing in webhosting, domain registration and other services.

These cases show the Hungarian authorities have stepped up their operations against intellectual property crimes and that cooperation with industry investigators is helping them do their job efficiently.

In another case, police seized several computers and a server from a dormitory on the university campus in Győr in western Hungary. The raid in November followed a complaint filed by local rights holders. The police, with assistance from industry investigators, are conducting continuing investigations into the copyright infringement.

Educating Czech Republic students

IFPI Czech Republic works to educate young people about the issues surrounding music piracy, delivering a series of lectures for university students last autumn. The lectures were popular among students and generated good discussions.

Online music piracy is a serious problem in central Europe thanks to high levels of broadband penetration and a computer literate population. Research by Ipoque estimates that up to 83 per cent of all internet traffic in central Europe is driven by file-sharing networks. As a consequence, only a few legitimate online music services exist and they have had little chance to change internet users' music consumption habits.

In addition to delivering lectures, IFPI Czech Republic has helped specialist police officers enforce the law. This activity, has achieved substantial results, reducing the number of file-sharing hubs in the Czech Republic from 91 to 63 in less than 10 months.



Student pirates get the message

One body to tackle all Belgian piracy

The Belgian Anti-piracy Federation (BAF) began combined anti-piracy activities for the music, film and games industries from January 2009. It had previously operated on behalf of the film industry and Sony PlayStation.

BAF manages both physical and online investigations, court cases against infringers, collection of damages, educational anti-piracy campaigns and training for law enforcement agencies.

The group's top priorities are online pre-release piracy and the organised crime networks supplying vendors with counterfeit CDs and DVDs. Investigators also carry out regular checks of markets and stores for infringing product.

Ukrainian deal offers new hope

The Ukrainian Ministry of the Interior and local recording industry body UAMI recently signed a "memorandum of understanding" on music piracy.

Under the agreement, the government will cooperate with the industry to systematically tackle Ukraine's endemic music piracy. Ukraine has a long history of copyright piracy. In 2002, the US imposed sanctions for massive illegal CD manufacturing. Today, Internet piracy is the main challenge as it hampers the development of a legitimate digital market in Ukraine.

The deal, which was struck in December 2008, followed lobbying by more than 40 prominent Ukrainian performers and artists, including former Eurovision winner Ruslana.

This group had urged Prime Minister Yulia Tymoshenko to address the problems of internet piracy, lack of ISP cooperation, rogue collecting societies and weak enforcement of broadcasting and public performance rights.

Tymoshenko set up a Music Working Group in response to these calls, giving it power to draft legislative changes and facilitate meetings between the industry and government officials.

Double trouble

A Philadelphia man was caught manufacturing counterfeit CDs for a second time, while awaiting trial for similar charges.

He was first arrested in November 2006 for running a pirate music manufacturing and distribution operation. At the time, officials seized 150 burners and more than 30,000 counterfeit discs containing music and movies.

In September 2008, while awaiting a trial scheduled for January 2009, the man was caught running another large pirate music manufacturing and distribution operation. RIAA investigators assisted the Philadelphia police in executing three separate search warrants that led to the location of a manufacturing lab inside a home and the distribution centre was found inside a storage bin at a self storage facility.

The man was taken into custody along with five other individuals. Officials finally seized another 123 burners, 4,000 counterfeit music CDs and 15,000 counterfeit movie DVDs from the unoriginal criminal.

Caught in the act

Police officers in Philadelphia conducted a raid in August 2008 catching a criminal in the act of burning counterfeit CDs.

Detectives worked alongside RIAA investigators during an operation lasting several months to uncover the manufacturing and distribution centre located in a home in the city. During the resulting raid, they located and seized nearly 10,000 counterfeit CDs and DVDs from the home's basement. They then discovered an organised manufacturing operation upstairs. As they entered the room, a collection of 124 burner drawers began to open, as the counterfeiters were caught in the act of burning.

During questioning, the main suspect told detectives that he had planned to sell the operation just three hours later. He told officials he planned to get out of the music piracy business. Unfortunately for him, he was just a little too slow.

Training in Lagos

Nigeria is one of the largest producers of optical discs in the world with a capacity of around 400 million discs per annum. In August 2008, the United States Departments of Justice and Homeland Security, United States Copyright Office and Nigerian Copyright Commission jointly organised an Optical Disc Training programme in Lagos.

There were 50 participants drawn from several law enforcement agencies, including the Nigerian Copyright Commission, Nigeria Customs Service, Nigeria Police Force, Standard Organisation of Nigeria, and the Economic and Financial Crimes Commission (EFCC).

A training presentation developed from material supplied by IFPI was delivered by the former IFPI representative, Akeem Aponmade. The presentation was designed to assist the NCC implement their optical disc regulations and included a practical field trip to two optical disc plants in Lagos, affording the participants an opportunity of relating theoretical knowledge to the reality of the manufacturing process.

The United States Consul General and the Director-General of the Nigerian Copyright Commission presented certificates to all the participants.

IFPI training update

The training resource at IFPI has continued to develop programmes and participate in training with other rights holders and organisations. The importance of these partnerships cannot be overstated and IFPI is frequently invited to participate in training events and seminars organised by bodies such as the Swedish Patent Office, UNESCO, Europol, INTERPOL, the USPTO, the WCO and WIPO.

Some of these are regular events on the training calendar and provide access for copyright and law enforcement professionals to a wide range of speakers involved in IPR protection. Fundamental to providing this training is the widespread ethos of sponsorship that enables students from the developing world to receive training they might otherwise miss.

At one such event held in October, IFPI was invited to participate in the third INTERPOL Intellectual Property Crime training course held at the Guardia di Finanza, Scuola Polizia Tributaria in Ostia, Italy.

The course was attended by 33 officers from around the world who heard a variety of lectures from IP professionals and law enforcement officers who were expert in IP law.

As on previous occasions, those attending now have to deliver a training course in their respective countries, but have access to training material and resources linked to the event. In the last year 102 officers have attended these courses.

Raising the awareness of IFPI's anti-piracy message amongst law enforcement professionals is fundamental to its strategy and to this end IFPI has developed a series of guides and programmes designed to enhance detection of product and prosecution of offenders.



Students & instructors at third INTERPOL course in Rome

Rocketing pirate sales halted

Dutch police officers and BREIN investigators took action at The Bazaar, the Netherlands' largest pirate market, located in Beverwijk. Investigators were startled to see what looked like a rocket launcher as they entered the stalls. One BREIN detective spotted a working bazooka with a NATO number on a market stall and reported it to the police. Initially the weapon could not be found, but after its salesman was identified he admitted the illegal possession of a rocket launcher and surrendered it to the police.



Burners seized in Medellin

Colombian raids continue

Law enforcement authorities worked with APDIF Colombia to maintain pressure on music and film pirates through a series of raids at production centres and actions against street sellers in the cities of Bogota, Cali and Medellin. These actions took place in November 2008 and led to the arrest of 69 people suspected of either producing or selling pirate product.

RIAA helps catch drug dealers

The Athens-Clarke Police Department's narcotics section enlisted the help of RIAA investigators to tackle a suspect operating two stores that sold suspected pirate CDs and illegal narcotics. Investigators posed as consumers and made undercover purchases of CDs that they determined were unauthorised. Having these pirate CDs helped the police obtain search warrants for four locations. Inside the two shops, police seized pirate CDs and suspected counterfeit clothing. When officials raided the suspects' homes a much larger operation was unveiled. They uncovered CD-Rs as well as the narcotics operation they were looking for, seizing 15 pounds of marijuana, two handguns, an automatic weapon and more than US \$30,000 in cash. Two men were arrested.

United against Manchester pirates

Manchester police in the UK are stepping up their efforts against infringers. In November 2008, three search warrants were executed at addresses suspected to be used by pirates. Three people were arrested and one address was described by the authorities as "a CD burning factory." Among the goods seized were 81 burners, three personal computers, five printers, 15,000 counterfeit discs and 10,000 blank discs together with reams of paper, inlays sleeves and jewel cases.

Argentine market raided

A special tactical operations unit consisting of 300 police officers from the Gendarmerie and the Provincial Police executed 16 search warrants on the infamous "La Salada" market in Buenos Aires. It was the second major raid on the market in 2008.

The raid led to the seizure of 45,000 recorded CD-Rs and DVD-Rs, 36 burners and almost one million inlays. Eight people were arrested.

"La Salada" in Buenos Aires is the largest pirate market in Argentina and a major distribution centre for counterfeit goods. In 2007 the European Union declared the market one of the most notorious examples of illegal and counterfeit commerce in the world.

20 people convicted in UK

Four people were convicted of copyright offences at Liverpool Crown Court. They were the last of a total of 20 members of two gangs to be sentenced in hearings that have taken place over the last couple of years. Some defendants received sentences of up to two years imprisonment.

The convictions are the outcome of "Operation Zealot", one of the largest anti-counterfeiting operations in British history, which took place in March 2006. The operation was the result of cooperation between the UK's Department of Work and Pensions (DWP), BPI and FACT, representing copyright holders.

The DWP estimates that 70 per cent of people engaged in commercial music and film piracy are also fraudulently claiming state benefits. It is estimated that commercial music piracy in the UK results in an estimated £165million in lost sales each year.

Persistent infringer convicted

A man from Culemborg has been sentenced to 120 hours community service and a conditional sentence of 12 weeks imprisonment with a probation period of two years. The police and BREIN repeatedly received information that the defendant was manufacturing and distributing illegal CDs and DVDs to market vendors. During a raid on his home police found approximately 4,000 masters, 2,000 blank discs and 1,000 covers. He had two previous convictions for trading pirate discs, but previous fines and community service had not deterred him from trying again. "This time the conditional prison sentence must keep him on the straight and narrow," says BREIN director Tim Kuik: "Otherwise it is three times and he's out."



US raid leads to unlawful firearms

Stolen inlays hid counterfeits

Dutch anti-piracy experts BREIN uncovered an organised scam in which legitimate CD covers were stolen to put on pirate CDs. Thanks to a tip off from Mediamarkt they went on the trail of covers and sleeve notes for Marco Borsato's *White Light* and Ilse de Lange's *Incredible* album that were stolen from a number of legitimate outlets. The stolen covers were offered for sale to retailers containing burned CD-Rs at less than the regular wholesale price. BREIN has intercepted 221 of the 230 stolen CD cases. Retailers are urged to check the origin of CDs that are offered to them at unrealistically low wholesale prices.



Marijuana found in US raid

Good security boosts disc sales

The importance of good security measures throughout all stages of the music production process, from initial recording through to final distribution cannot be overstated. Enormous harm has been caused to the music industry by pre-release albums leaking online thereby causing unauthorised discs and CD-R copies to be available in the market before release date.

To counteract this threat the IFPI enforcement team in London assisted EMI Music and Warner Music during 2008 in implementing enhanced security measures during the manufacturing and distribution process for three specific high profile releases. The aim was to make the security arrangements so effective that the album did not leak before the release date, creating an ideal environment in which to maximise sales.

The work entailed security reviews on optical disc, cassette and vinyl manufacturing plants and providing advice if required about measures to be taken to enhance security. Similar reviews were conducted at printing, packaging and distribution companies involved in the manufacturing process.

The three security reviews carried out in 2008 were the two Coldplay albums *Viva La Vida* and *Prospekt's March* (EMI) and Enya's album *When Winter Comes* (Warner). On each occasion the albums did not leak until four days before the official release date and after distribution to the retail outlets.

Ruth Katz of EMI said, "Pre-release security is of extreme importance within EMI Music and we work globally with all areas throughout the supply chain in order to protect and prevent our releases from leaking until the first public airdate or beyond if possible".

"The work that has been carried out by IFPI's Enforcement team along with the relevant National Groups has been invaluable and has contributed to the global supply chain team work involving both internal EMI departments and external partners including media, ensuring that our largest releases of 2008 were kept secure until the last possible moment."

Tips for parents

Working with partners from across the music industry and internet children's charity Childnet International, IFPI launched a new guide to explain to parents and teachers about how to keep children safe and legal when enjoying music online.

The guide provides useful tips and offers simple advice on the do's and don'ts of downloading music.

It explains that while digital music offers huge advantages to young people, there are security and legal issues that need to be taken into consideration. PDFs of the guide can be downloaded from www.pro-music.org and hard copies can be obtained by emailing parents@pro-music.org



Cover of new guide

Training

Unsure how to recognise product or deal with copyright investigations; do you or your team need training?

IFPI and many of its National Music Associations conduct training free of charge for law enforcement officers. Courses consist of advice on dealing with copyright issues both online and physical, recognition of product and evidence presentation, but can be tailored for specific interest groups. If you would like further information about IFPI and its training programmes please contact training@ifpi.org



IFPI website, www.ifpi.org

At a glance

People. Promotions

Rita Cheung Regional Operations Manager, Asia Pacific
Keith Cawkwell Intelligence Coordinator

People. Departures

Johnny Cheng Operations Officer
Asia Pacific

Diary 2009

April 26 World Intellectual Property Day
June 2-4 Fifth Global Congress
September IFPI Regional Conference (dtbc)

The next edition of **RIGHT TRACK** will be published in **July 2009**.

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