

## PIRATE BAY JUDGMENT GOOD NEWS FOR LEGAL MUSIC SERVICES

**The criminal conviction of the operators of the Pirate Bay has reassured creators of music and films, given a welcome signal to legitimate music stores and provided an important deterrent to companies advertising on the Swedish-based copyright-infringing service.**

Stockholm District Court delivered a guilty verdict on the four men behind The Pirate Bay website in April. Carl Lundström, Peter Sunde, Fredrik Neij and Gottfrid Svartholm Warg had been charged with complicity in breach of the Copyright Act and were each sentenced to one year's imprisonment and ordered to pay damages of more than 30 million Swedish kroner.

The District Court ruled that The Pirate Bay facilitated the illegal file-sharing of copyright protected music, film and computer games, effectively aiding breaches of the law. The sentence reflected the fact that the operation had been run on a commercial basis.

John Kennedy, chairman and chief executive of IFPI, said: "The trial was about defending the rights of creators, confirming the illegality of the service and creating a fair environment for legal music services that respect the rights of the creative community. The verdict was good

news for everyone who makes a living from creative activity and who needs to know their rights will be protected by law."

The trial followed charges brought by a public prosecutor in Sweden back in January 2008, the culmination of an 18 month investigation into the activities of The Pirate Bay's operators. The service facilitated access to music by Swedish and international artists, as well as films, television programmes and even books such as JK Rowling's 'Harry Potter' novels.

The Pirate Bay had made money by selling advertising to brands that wanted to reach its millions of users in more than 30 countries, while paying nothing for the content it used to attract those users. The men behind The Pirate Bay set up a company in the offshore tax haven of the British Virgin Islands to squirrel away their profits.

Users were allowed to search for and download indexed torrent files, which contained the information needed to download data files containing copyright infringing content from other users of the service.

The four individuals have appealed the judgment and a hearing is expected in 2010. Despite the guilty verdicts, The Pirate Bay has

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Police run a nationwide campaign against pirate producers and distributors.

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Antonio Borges executive director of APCM talks about their strategy.

continued to operate and still infringes the rights of thousands of artists, songwriters and producers. IFPI and other right holder groups have been pursuing civil action against the service to ensure that it can no longer legally operate from Sweden.

At the time of going to press, an agreement was reported over the sale of The Pirate Bay to Global Gaming Factory X AB which announced it intends to turn the service into a legitimate business model.

## 18 years for piracy business ringleaders

**Four members of a criminal network involved in a multi-million pound piracy operation were jailed for a cumulative total of 18 years at Southwark Crown Court. The court found that the gang provided a 'one stop shop' supply service for other criminal groups producing and selling counterfeit discs.**

The trial followed an operation that began in 2006 following an interception of a parcel by Her Majesty's Revenue and Customs (HMRC) at London Stansted Airport. The parcel was addressed to Rafi Sheikh, one of the defendants, and contained ten silver metal discs that were believed to be pre-masters utilised by industrial replication machinery.

HMRC handed the parcel over to the Federation Against Copyright Theft (FACT) which, with the assistance of IFPI, confirmed each disc was a 'stamper' or original master copy. As the 'stamper' could only be used to duplicate information imprinted upon it this indicated the presence in the UK of an industrial replication plant.

FACT contacted the Film Piracy Unit at the Metropolitan Police Service which began an extensive surveillance operation, with the support of IFPI, at the home and various business addresses connected to the directors of the company, Samrana Ltd and their associates.

Rafi Ashgar-Sheikh and his brother Sami, another defendant, were directors of Samrana Ltd and were found to have used money from their father, Khalid Ashgar-Sheikh, the third defendant, to start their operations in 2003. Through its criminal activities the operation had grown so substantially within a short period that the suspects were able to purchase industrial premises in Harlow for a substantial sum in 2005.

Standing trial with the principal operators of Samrana Ltd was a fourth defendant Xin Li, who was found to have acted as an organiser for one of the criminal networks that worked closely with the company.

Vast sums of money were realised by Samrana Ltd. An investigation aimed at tracing and confiscating these criminal assets is continuing. At the time of the searches, £106,000 in cash was located in various locations hidden throughout the Sheikh family home.

It was found that the organised crime groups the defendants were supplying used a workforce of largely illegal Chinese immigrants who had been trafficked into the UK for this purpose. They were housed in 'factories' which ranged from industrial units to terraced houses.



Duplication centre in London.

### Police raids hit four pirate gangs in Turkey

**A series of large-scale anti-piracy operations by Turkish police has effectively broken up four organised criminal syndicates.**

The first operation on 7th May targeted 83 addresses in 17 cities throughout Turkey, resulting in the arrest of 29 people and the seizure of more than seven million pirate and counterfeit items. Police confirmed that much of this product was sold or distributed through internet sites requiring the use of codes and keywords.

The second operation on 1st June saw 84 different sales points in Istanbul raided simultaneously. More than two million pirate or counterfeit items were seized and 46 people were suspected of infringing copyright law. 11 people, thought to be the gangs' leaders, were arrested by police.

The total estimated value placed on the seizures by Turkish police is more than €75 million. As a result of these operations, the main pirate network was disrupted and its most important members were arrested. In addition, police believe the biggest pirate market, the Tahtakale, is finished.

According to Muammer Güler, the governor of Istanbul, the police's objective was to cause the collapse of the pirate syndicates, not to target individual street sellers. Officers raided production centres seizing moulds and other equipment. The governor also noted that since copyright law was changed in 2004, 6,361 people had been arrested and 37 million items of pirate product have been seized. The estimated value of this pirate material cumulatively seized is more than €350 million.

Ertugrul Günay, the minister of Culture and Tourism, has emphasised that piracy is theft and stated this should be understood by the public. He said "It's a fight against idea theft, intellectual property theft and it has to be truly understood by the public. All collecting societies and creative people have to stand up against these thieves and government bodies have to support this fight by raising public awareness. Our children should know this kind of theft is a serious crime and that the public have to pull together to support intellectual property. If there isn't any creativity there is no progress."



Burners seized during police operations in Turkey



Thousands of counterfeit discs

### International counterfeiting gang thwarted

**Recent months have seen law enforcement agencies and industry investigators disrupt the actions of a criminal gang that makes money by selling pirate box sets of music and films in Europe.**

The first blow against the gang came in February, when Polish police raided two replicating plants in Warsaw and Rybnik, as well as a professional distribution plant in Zabki. They had been alerted to their presence by IFPI and local industry group ZPAV.

It is estimated that, by that point, the gang had made at least €19 million through the sale of the box sets which consisted of pirate product, including more than 40 music albums in MP3 format. The pirate operation had distributed an estimated nine million albums, making it what is believed to be the largest copyright infringing disc operation ever shut by police action in Europe.

Officers in Warsaw and southern Poland detained four people for questioning as a result of the raids, including the 38-year-old man thought to have masterminded the operation.

IFPI investigators suspected the source of the box set series after German customs officers passed on seized counterfeit CDs and DVDs to its forensics team who traced the discs' origins back to the plants in Poland and identified the operator of the clandestine factory who was in the process of buying equipment to increase his manufacturing capacity.

The gang attempted to continue to manufacture, distribute and sell pirate box sets by switching production to Italy. Their plans were disrupted again in May however when Italian Fiscal Police (GdF) raided the new plant in Bologna after a tip-off from IFPI and local industry anti-piracy group FPM. They found a new edition of the box set in production, containing music from international artists such as Bob Dylan, Depeche Mode, Eminem, Katy Perry, Lady Gaga and Tiziano Ferro.

A forensic expert from IFPI's specialised London laboratory travelled to Italy to provide support for the Fiscal Police during the action and in their post-raid enquiries. More than 80,000 discs, over half of which were hidden in waste disposal sacks, were seized in the raid, along with a manufacturing line, printing equipment and stampers.



Pressed discs ready for distribution

## The Anti-Piracy Campaign in Brazil: Antônio Borges Filho



Many businesses suffer as a result of unfair competition from the illegal sale of counterfeit products. The audiovisual industry is no different. The repercussions of such piracy for society are wide-ranging - for example, taxes not generated through legitimate sales mean less revenue is available to invest in health and education.

Over the last few years, many establishments that sold CDs in Brazil have closed. This means fewer jobs, less tax revenue and less investment in music. The opportunities for new artists and songwriters to break into the market are smaller.

Nearly half the CDs sold in Brazil (48%) are counterfeit - a fact that has contributed to the loss of more than 80,000 legitimate jobs in recent years and a drop in industry earnings of more than 50 per cent. More than 3,500 legal outlets have closed and tax losses are estimated to exceed 500 million reais a year.

These losses directly affect artists, since record companies have reduced the number of Brazilian releases and the number of local artists signed by more than 50 per cent. Consumers are also negatively affected by piracy - acquiring products of inferior quality that are not covered by any guarantees.

The Cinema and Music Antipiracy Association's (APCM) objective is to protect its members' copyrights by fighting piracy. In 2008, its activities led to the seizure of 41 million pirate CDs and DVDs and 195 people were found guilty of copyright violation. This year, more than 17 million blank CDs and DVDs have already been removed from circulation.

APCM's operational team carries out anti-piracy operations on a daily basis across Brazil. Investigators seek to establish relationships with public authorities across the country including the civil and military police, as well as public prosecutors offices.

The legal department follows up police proceedings concerning the violation of APCM's members' copyrights. It writes crime reports, official letters and appeals, its legal representatives testify at police stations and in courts of law, and it holds training sessions for authorities to clarify technical and legal aspects of music and audiovisual piracy.

Piracy is also fought online through a special APCM department that monitors sites offering content without regard for intellectual property rights. In 2009 it removed 584,778 links found on blogs, social networks, forums and other websites. It also removed 23,775 torrent files generated to facilitate sharing through file-sharing networks.

In the last month, the communication and piracy reporting departments merged to improve the services APCM offers its members. The piracy reporting team manages reports, standardises information received, sets priorities, sends out notifications, writes letters to the authorities and follows up on reports.

The communications team produces bilingual news bulletins for members and the press, generating coverage that would cost four million reais if the equivalent space had been booked in advertising in Brazil's in major news outlets.

All these efforts have established four main areas of focus: reporting, education, economy and communication. APCM reports people that manufacture, distribute or sell pirate products to the authorities and provides logistical support when necessary. It also provides courses dealing with legal and technical issues raised by piracy, training 3,500 public agents so far ranging from federal police officers to tax inspectors. The association has also been working with educators to teach children about intellectual property in the classroom.

One of the APCM's most successful projects has been the pilot programme 'Blumenau Without Piracy', implemented in the southern city of Blumenau. The project has been run with the support of the city, state government departments and local businesses. Other cities have said they want to copy this model and APCM is pleased to announce that moves are already in place to establish a similar partnership with the city of Uberlândia in the state of Minas Gerais.

### Antônio Borges Filho : Biography

Antônio Borges Filho was district chief of the federal police from 1985 to 2006, serving at a range of locations around Brazil.

He is currently executive director of the APCM - Cinema and Music Antipiracy Association. He holds a degree in law and accounting.

### Michael Jackson albums seized as Royal Malaysia Police smash pirate CD syndicate

Following the death of Michael Jackson on 25th June 2009 renewed interest was seen in his repertoire and sales boomed. Pirate producers were also quick to cash in on the boom and many counterfeit discs were seen worldwide.

On 8th July 2009, acting on information received, ten police officers from the Commercial Crime Division of the Royal Malaysian Police Headquarters, Kuala Lumpur led by Inspector Joel Teo raided a house in Pandan Indah, Kuala Lumpur where they discovered over 170,000 pirated CDs including more than 10,000 copies of Michael Jackson's albums.

A 26 year old local Chinese male and two individuals from Bangladesh, aged 20 and 30 were arrested in the raid. The house was being used as a distribution centre as the trio were in the midst of packing the CDs into plastic covers.

Recording Industry Association of Malaysia (RIM) Anti-Piracy staff headed by Operations Director, Abdul Rahman Ghazali were called in to assist in the operations.

Initial investigations revealed that the syndicate used the house to distribute the pirated CDs to dealers in Kuala Lumpur and other towns in the country.

"I believe that some of the CDs may have been replicated by licensed plants in Malaysia as the SID Code on the CDs has been obliterated" said Abdul Rahman Ghazali. "Samples of these CDs will be sent to the Government Chemistry Department for forensic examination in order to identify the culprits" he added.

All three suspects have been detained and remanded for further investigation. They are expected to be charged under The Copyright Act, 1987.



Some of the 10,000 Michael Jackson albums seized by the Malaysian authorities

### Worldwide training news

Requests for IFPI input at training events are many and varied, ranging from input about the investigation of copyright offences, both of physical product and in the online environment, through to the provision of guides and advice about the investigation of music piracy offences.

In February, IFPI participated in a training event organised as part of an EU twinning project for Turkish law enforcement officers and prosecutors. It is pleasing to note that large scale anti-piracy actions have since taken place throughout Turkey leading to the seizure of enormous quantities of fake product and the dismantling of pirate syndicates (see report on page 2).

In June, IFPI attended three training events for law enforcement officers. The first, in Prague where 100 customs police and market inspectors attended a one-day seminar organised by SNB React where they heard from various rights owners. Following the training session, customs officers invited rights owners to attend a market raid in Central Prague to assist them in identifying counterfeit product. The Riverside market with around 450 stalls, was searched and large amounts of counterfeit material seized.

The second event followed an invitation from the Norwegian Copyright Development Board (Norcode) who, in conjunction with WIPO, held an intensive three-week course in copyright and collective management in Oslo for around 25 students from the developing world. Following presentations at this event IFPI was invited to mentor a student from this course during a six month project.

The third event, underwritten by the US State Department and the FBI and held at the International Law Enforcement Academy in Budapest, brought together customs, police and prosecutors from Hungary and Romania. They attended a week long course aimed at improving knowledge and the detection and prosecution of copyright and other IPR offences. Both countries have suffered from high piracy rates in the last few years and have seen declining sales as a result.

During the next few months IFPI will attend other international training events with invitations already received from the Swedish Patent Office, Europol and INTERPOL amongst others.

## Major seizures in Mexico

**Effective collaboration between music and film sector anti-piracy teams played an important role in a series of operations in Mexico.**

On 16th April, police and the Attorney General from Merida in Yucatan detained five people operating a laboratory engaged in the reproduction of pirate music CDs and films, as well as child pornography. They seized 309 CD and DVD burners, more than 36,000 DVD-Rs, more than 48,000 CD-Rs, two computers and 1.3 million inlay cards.

The raids were the culmination of investigations begun by APCM Mexico, the joint IFPI/MPA anti-piracy unit, in conjunction with officials.

Mexican Customs subsequently seized two containers housing more than two million CD-Rs and 900,000 DVD-Rs for more than three million blank optical units. The containers were detained on the grounds that they lacked proper invoice documentation.

On 20th April, three warehouses were raided in the district of Tepito in Mexico City. They contained nearly 9,000 recorded CD-Rs, more than 5,400 recorded DVD-Rs, nearly 38,000 DVD inlay cards and 2.8 million CD-R and DVD-R inlay cards.

Another seven warehouses and eight laboratories were raided and dismantled in Tepito on April 24th. This operation led to the seizure of 600 burners, more than 38,000 recorded CD-Rs, more than 45,000 recorded DVD-Rs, more than 18,000 blank DVD-Rs and nearly 950,000 CD-R and DVD-R inlay cards.

## Crackdown on Mexican gang

**Mexican police and military personnel raided a home in Veracruz that was used as a major CD and DVD replicating centre by a criminal cartel known as "Los Zetas".**

The raid led to the seizure of more than 350,000 music CD-Rs, 300,000 film DVD-Rs, nearly 2,000 burners, around 30,000 blank DVD-Rs and 380,000 film and music inlay cards.

Police suspect "Los Zetas" of being part of the drug trafficking group known as the Mexican Gulf Cartel. It is alleged that besides providing protection and security to the Gulf Cartel, this group is now producing and distributing pirate music and films across Mexico. It is claimed the group controls distribution of the pirate products by threatening merchants who refuse sell their branded music and films.

According to the Mexican authorities, the large number of burners seized in the operation will have an impact on the short-term supply of pirate product in the Veracruz area.

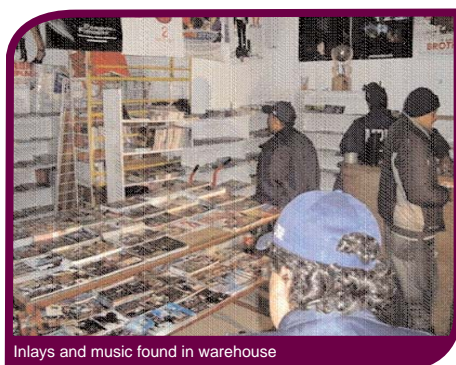
A total of seven people were arrested in the raid.

## Major forum shut in Argentina

**An online forum used to distribute copyrighted files to more than 110,000 registered users in Latin America has been closed down. Emep3.com.ar was closed following an investigation by CAPIF, which represents the recording industry in Argentina.**

CAPIF notified the forum's operators of potential copyright infringement problems after its enquiries found the site contained more than 130,000 posts linking to unauthorised music files. Figures from alexa.com suggest the forum's users were mainly from Argentina (73%), with Mexico (7.4%) and Chile (4.7%) also using the site.

CAPIF identified the site operator in early March 2009 and requested that he remove the links to copyright infringing content. Ten days later the whole forum was taken down. Targeting strategic forums that act as important focal points for illegal content distribution is part of IFPI's regional internet anti-piracy campaign in Latin America.



Inlays and music found in warehouse



Seizure of burners and CD-Rs

## Finnish police college receives award

**The Copyright Information and Anti-Piracy Centre (CIAPC) has awarded the Police College of Finland in recognition of its excellent anti-piracy training and co-operation with right holders.**

For more than ten years the college has included copyright and anti-piracy training in its courses. Finnish law enforcement has successfully raided several topsites and achieved the first European criminal conviction against the BitTorrent tracker Finreactor in 2006. This was a result of a case undertaken by the National Bureau of Investigation.

Antti Kotilainen, director of CIAPC said: "The Police College of Finland truly deserves this trophy which is a small token of appreciation from the Finnish creative artists and industries."



Police College of Finland receives award

### Australia's first ever guilty verdict in criminal copyright trial

**A three week trial and more than 12 hours of jury deliberations climaxed in Australia's first guilty verdicts in a criminal copyright trial.**

On 21st May 2009, 12 jurors found Mr Yong Hong Lin guilty of 15 serious copyright offences in the Sydney District Court. Mr Lin was the owner of an Eastwood music and movie store raided by New South Wales Police with the assistance of investigators from Music Industry Piracy Investigations (MIPI) and the Australian Federation Against Copyright Theft (AFACT) in February 2007.

The raid netted more than 16,000 pirate discs being openly offered for sale to the public. The haul included discs imported into Australia from illegal manufacturing plants in China and illegally burnt discs produced locally.

His Honour Judge Knox warned Mr Lin the offences carried jail terms of up to five years, saying "these are offences the Commonwealth of Australia takes very seriously". Criminal penalties for copyright infringement in Australia are up to AU\$60,500 and five years' imprisonment per offence for individuals and up to AU\$302,500 for corporations. Mr Lin will be sentenced in August.

The dramatic trial saw music and movie industry experts give evidence about counterfeit discs manufactured in China and illegally imported into Australia for sale to the detriment of the local market.

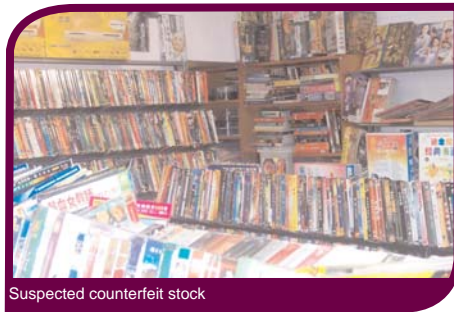
### Public tip off closes down illegal retailer

**Australia. Victoria Police raided a music and movie retail store in Noble Park near Melbourne in May. Officers seized sophisticated disc burning equipment and more than 2,000 CDs and DVDs. Acting on a tip-off from the public, investigators from MIPI and AFACT worked with police to close the illegal operation.**

The store had been operating as a DVD rental store and music retailer, while burning illegal copies of discs to sell to customers on the premises. Police seized 15 disc burners and three computer hard drives from the store during the raid. Music titles seized included popular albums from Robbie Williams, Christina Aguilera and Coldplay.

Angry customers contacted the music and movie industries after purchasing faulty discs from the retail store. Subsequent investigations revealed the store was not only selling illegal copies of music and movies, but also copies of titles not yet available in Australia.

"The decisive action by Victoria Police was a result of a tip-off from the public" explained Dean Mitchell, Investigations Manager, MIPI. "Pirate CDs are of very poor quality and ultimately it's the consumer who suffers."



Suspected counterfeit stock



Retail outlet raided by police

### Nine months imprisonment for selling pirate CDs

**A Sydney court has delivered a crushing blow to criminals who trade off the hard work and creativity of others. The Australian music and movie industries welcomed a record sentence for copyright offences handed down in a Sydney court.**

Magistrate Pearce sentenced 45-year-old Qing Wang to nine months in jail, the longest custodial sentence for piracy offences ever handed down in Australia.

Wang had appeared before Burwood Local Court in April 2009 in relation to more than 30 offences relating to the sale of infringing movies. He entered a plea of guilty to charges stemming from a NSW Police raid on a South Western Sydney market in May 2008 where he had been caught selling pirate discs.

### Plug pulled on sophisticated piracy operation

**Victoria Police, with the assistance of MIPI, executed back-to-back raids closing down a sophisticated piracy operation in Melbourne's outer suburbs.**

Police struck their first blow in March, closing down a retail store manufacturing and selling infringing music. Officers seized more than 3,000 infringing music titles and disc manufacturing equipment from a rear room of the store.

An ongoing industry investigation led police to another commercial outlet that was used to manufacture and distribute pirate CDs. Police uncovered a sophisticated piracy operation, seizing more than 40 disc burners that had been connected in series to allow rapid disc production. More than 2,000 CDs in various states of production were seized by police under a Commonwealth search warrant. It is alleged the man operating the piracy operation had approached a number of retail stores, attempting to sell the infringing discs.



Australian police raid retail outlet

## Major Warez seizure in Hungary

**Hungary's National Bureau of Investigation (NBI) has initiated criminal proceedings against seven suspects who had built a lucrative business based on copyright infringement.**

The suspects provided legal server hosting for several companies and individuals, but this activity masked their true businesses operating hundreds of sms-warez, sms-web and torrent sites that made infringing content available to download for a fee.

These illegal services were widely advertised using internet spam to drive high levels of users and revenues. The NBI investigation revealed at least 10 illegal servers were operating and their content infringed nearly 21,200 right holders, causing damage locally estimated at more than US\$1.6 million.

Raids were conducted in five server rooms on the operators' premises and 43 servers were seized, some of them from their hiding places under double flooring. Examination of this equipment revealed they contained between 200 and 250 terabytes of illegal data. Six suspects were arrested during the operation.

## BREIN makes house-call to illegal website operator

**BREIN paid a visit to a 36-year-old man in Venhuizen after an investigation showed he was responsible for running 11 bitTorrent sites. Two of the illegal sites, funkyplace.org and dreamtorrents.org, were still online at the time of the visit.**

The man took them offline immediately and stated that he did not own the sites, but operated them for another person who paid him €50 per site a month. He refused to name this person claiming to be in fear for his life. The man signed a cease and desist undertaking that he will refrain from further involvement in piracy or forfeit a penalty of €5,000 per day.

## 20 jailed for pirate eBay sales

20 people have been sentenced to jail terms of up to eight months each after a trial for copyright infringement held in the Italian city of Udine.

The case, which involved the sale of pirate music compilations on eBay, followed a raid carried out by the local Fiscal Police (GdF) acting on a warrant issued by the public prosecutor in 2007. The GdF, assisted by the Italian industry's anti-piracy organisation FPM, had collected evidence of the massive distribution of infringing CD-ROMs that contained mp3 files downloaded from file-sharing networks. The operation led to the seizure of more than 600,000 music tracks, personal computers and CD burners.

In addition to the criminal sentences issued, the infringers also face huge administrative sanctions of about €10 million.

## BitTorrent operator charged in Portugal

**In February 2009, the Portuguese Public Prosecutor's Office charged the owner of btuga.pt, a bitTorrent site, with copyright offences and tax evasion charges.**

The charges were the result of a claim filed in 2007 by music and film anti-piracy bodies against the service, which was the biggest illegal file-sharing operation based in Portugal.

The defendant was accused of knowingly promoting the illegal file-sharing of copyrighted works through the software supplied by btuga.pt. He was also charged with tax evasion of an amount of more than €166,000, thanks to the income generated from his illegal operation.

## Two arrested as Hong Kong Topsite is closed down

**Customs officers in Hong Kong have raided and shut down a 'topsite' that was used to distribute copyright infringing music, film and games online. Two men were arrested in the operation carried out on 9th June.**

'Topsites' are high-speed computer servers used by 'release groups' to upload copyright infringing content over the internet, often leaking music tracks and films before they are made available online through legitimate services. Investigations revealed that the Hong Kong-based 'topsite', the first to be shut down in Asia, was used internationally by uploaders from Australia, Canada, India, Japan, South Korea, Taiwan and the US.

The raids followed a criminal complaint made by IFPI, and other rights holders. IFPI's Internet Anti-Piracy Unit had investigated the 'topsite' and provided evidence that it had been used to illegally distribute worldwide more than 800GB of files containing copyright infringing music, films and games.

Both men arrested have been bailed pending further enquiries. Under Hong Kong's copyright law, the illegal distribution of infringing material in bulk is a criminal offence that carries a potential sentence of four years in prison and a fine of HK\$50,000 per infringing copy.

Officers seized four servers containing large amounts of copyright infringing music, films and games. The equipment seized at the raids in the districts of Chai Wan and Kowloon Bay was estimated to be worth HK\$34,000.

Jeremy Banks, head of IFPI's Internet Anti-Piracy Unit, says: "This action underlines the global reach of our investigations into online copyright infringement. Operators of topsites should be warned that we can trace their illegal activities and that we will work with law enforcement agencies worldwide to ensure that they stop infringing our members' rights in such a serious and damaging way."



(See first story) Hungarian Police seizure

### Highway Patrol arrests

**An anti-piracy operation conducted in January by the Brazilian Federal Highway Patrol led to the seizure of more than 7,000 counterfeit products, including CDs and DVDs. Eight people were arrested on charges of copyright violation.**

The operation started with a raid that resulted in the arrest of three people on Highway BR-101, near the shopping centres Via Direta, Carrefour, and Natal Shopping. The arrested individuals were Valdemir Benjamin de Oliveira, 25, Marco Antônio do Amarante, 31, and Emanuelle Soares da Silva, 29.

On Avenida Bernardo Vieira, near Midway Mall, another five suspects were arrested. The arrests took place almost simultaneously with those on Highway BR-101. Francisco Alves de Mendonça, 48, Gilmar Bezerra da Nóbrega, 25, Josenildo Paulino Cipriano, 26, Fernanda Lopes de Lira, 20, and Francisco Josinaldo Faustino, 32, were arrested.

A total of more than 7,000 CDs and DVDs were seized. The individuals arrested were taken to police stations and charged with copyright violation under Article 184 of the Brazilian Penal Code. Some other vendors managed to escape the raid by abandoning their products.

### UK actions target hard drive preloads

**In a joint operation with the Scottish Crime and Drug Enforcement Agency, BPI anti-piracy investigators raided the address of an individual who sold hundreds of hard drives preloaded with music. Each hard drive sold for £100 and contained up to 5000 albums, 200 of which the purchaser could specifically request to be included.**

In the property, police seized a large quantity of hard drives and other storage devices, including hard drives containing a master library of more than 500,000 albums. They also seized eight burners and more than 5,000 discs.

Meanwhile, in a joint operation with Leicestershire Police and Trading Standards Departments, BPI investigators raided two addresses that were being used as counterfeiting factories. The addresses supplied the north of England with counterfeit Bollywood movie and music repertoire. Two gang leaders were arrested and 84 burners, 21 printers and in excess of 100,000 counterfeit discs were seized. The police are seeking to not only prosecute the gang leaders but also strip them of their assets, which to date, have funded a luxurious lifestyle.

### Illegal CD factory raided in Malaysia

**In April, the Royal Malaysian Police raided commercial premises in the industrial zone of Seri Kembangan in Selangor following intelligence about illegal CD production.**

On entering the secured premises, police discovered a CD replication line producing copies of a recent Warner Music release, *Tak Hilang Cinta* by veteran local artist Jamal Abdillah.

During the search, four men were arrested and a total of 17,900 pressed discs were seized, including 1,200 copies of *Tak Hilang Cinta*. The CD replication line and a printing machine were also seized by the police and removed from the premises.

Soon afterwards, two of the arrested men appeared in court charged with offences under the Copyright Act 1987 and the Optical Discs Act 2000, while the other two, who were foreign nationals in the country illegally, were handed over to the immigration authorities. Further charges are likely after the conclusion of forensic tests on the seized discs and the police investigation into the ownership of the plant.

Abdul Rahman Ghazali, director of operations for the Recording Industry of Malaysia (RIM) said: "The Royal Malaysian Police have been doing a very good job by launching a number of proactive raids on music and video pirates recently, and we expect that the Ministry of Domestic Trade and Consumer Affairs officers will do the same following the appointment of the new minister."

### Copyright pirate closed down

**New South Wales Police, assisted by investigators from MIPI and AFACT, arrested a 38-year-old woman in Wetherill Park in April. The arrest followed information from a member of the public alleging the woman was selling pirated music and movies in numerous locations across Sydney.**

Police and industry investigators located the 38-year-old woman's stash in a nearby vehicle, where more than 600 suspected pirated music and movie discs were concealed. Among the discs seized were infringing copies of popular children's music titles including *The Wiggles*.

The arrest of the woman and discovery of the illegal stash led police to an illegal burner lab. Shortly afterwards, officers raided a residence in Sydney's Westmead and seized a disc burner lab consisting of 15 disc burners, computer equipment and another 500 pirated discs. The burner lab had the potential of producing 378,000 pirated discs a year worth a street value of over A\$1.8 million.

The raids were the culmination of weeks of covert surveillance and investigation by industry investigators and police. The operation was well established with strict minimum purchase amounts and substantial discounts for those who purchased bulk quantities.

Dean Mitchell, Investigations Manager of MIPI welcomed the raid: "Music retailers are doing it tough, workers in CD factories are doing it tough, yet people are still out there ripping them off. When we say this is hurting the music industry we are talking about a big chunk of our community that rely on music sales to make a living. This type of selfish, profit driven crime is really a kick in the guts to hard working families".

The 38-year-old woman is assisting police with their enquiries.



Typical CDR burners found in raids



Counterfeit Michael Jackson 'Ultimate Collection'

## CD-R burning lab found in Cali

Investigators from APDIF Colombia assisted the Policía Metropolitana of Cali in identifying the precise location of three illicit burning labs dedicated to the illegal production of music albums. The first of these labs was raided and a Peruvian national detained in possession of 40 burners and 400 different music albums.

Police also found 25,000 blank CD-Rs and a large amount of documentation suggesting this was a large scale burning laboratory. This was the first time in more than two years that such an illegal lab has been found in the city of Cali.

## Criminal lab dismantled in Paraguay

Officers from the Unidad Técnica Especializadas raided a second floor flat in the city of Ciudad del Este, seizing 15,000 discs that were packaged and ready to be sold. The flat contained 312 burners and 19 computers, working as a burning laboratory capable of producing 6,000 burnt discs in an eight hour shift.

## Dutch red light district pirate caught

Police in the Dutch town of Alkmaar arrested a 41-year-old man in the town's red light district. He was selling pirate CDs and DVDs from the boot of his car for €5 each. The car contained around 1,000 CDs of the latest chart music and 30 DVDs of new release films. In the subsequent search of his home another 200 illegal CDs were seized. The man admitted to having traded illegally for two years, while also working in a legitimate music store. Police officers asked BREIN for a technical report on the seized goods and to arrange formal complaints from the affected rights holders.

## Italian police arrest uploaders of charity single

Italian Fiscal Police (GdF) have acted against the original illegal uploaders of the charity single *Domani* 21/04/09. The album was recorded by 52 leading Italian artists, including Bocelli, Pausini and Zucchero, to raise funds for the victims of the earthquake that struck the city of L'Aquila in April 2009 with devastating effect.

The track was made available on the internet for free through DirectConnect and Rapidshare, as soon as it was available from legitimate online music stores.

Italy's Fiscal Police (GdF) worked with local industry anti-piracy unit FPM to trace the original uploaders of the track. This investigation led to raids in Rome and Milan, which prompted the seizure of hard discs containing more than 1,300 gigabytes of music files.

The three suspects face criminal penalties of up to four years' imprisonment and huge administrative fines if they are found guilty of illegally uploading the track. It is estimated that the distribution of the illegal copies of the track will cost one million euro in lost revenues for the charity.

Luca Vespignani, General Secretary of FPM, said: "This was an important action by the Fiscal Police. *Domani* 21/04/09 was released to raise funds for people who have gone through the shock of losing their homes and loved ones. We hope that fans who like the song will buy it through legitimate channels and help raise money for this worthwhile cause."

## Huge fine for pirate CD seller in Italy

Italian Telecommunications Police prosecuted a 40-year-old man for infringing copyright law, fining him €340,000. The man, who lives in the southern city of Isernia, had been selling CD-Rs and DVD-Rs containing copyright protected material that he had downloaded from file-sharing networks. During a raid on his home, police seized around 1,500 CD-Rs containing infringing music and hundreds of discs containing illegal software. The administrative fine was calculated on the basis of €103 for each infringing work he stole, as stipulated in Italian Copyright Law.

## Music blogs shut down in Mexico

Industry investigators in Mexico have identified copyright infringing blogs and contacted ISPs to ensure their removal from the internet. APCM Mexico, which works for the music and film industries, targeted blogs that were dedicated to distributing files containing copyright infringing music and film. The campaign has seen 35 blogs containing more than 66,000 tracks for download removed.

## Student dorms raided in Poland

Polish police confiscated 20 PCs and laptops as well as more than 800 units of different data carriers in a raid on university dorms in the northern city of Gdansk. It is alleged that all equipment was used to illegally share files containing copyright infringing music, film and software. The raids were conducted with the approval of the university authorities. Industry investigators will now help analyse the confiscated material. Under Polish law, the suspects involved in this case face a maximum five year prison sentence if found guilty.

## Action improves Czech border markets

IFPI's anti-piracy investigators are seeing signs of reduced illegal CD and DVD traffic in the notorious border markets of the Czech Republic following stepped-up government pressure and enforcement activity.

The country's lengthy borders with Austria and Germany have long been a pirate haven, with between 50 and 70 markets operating in border towns. These markets were seen by many as untouchable, not least because they were providing employment in areas of the Czech Republic where work was scarce.

The Czech Republic was placed on the USTR 301 watch list in 2008 and since then investigators have seen sustained actions by Czech customs against the stall holders and proprietors.

Paul Warren, a senior IFPI investigator, says: "The situation in the Czech Republic has dramatically improved thanks to action from the authorities, supported by industry anti-piracy experts. The Czech border used to be home to the largest open air piracy markets in the EU, but today counterfeit CDs are sold rarely and clandestinely."

## Largest file-sharing group in Brazil shut down

**Music industry anti-piracy action in Brazil led to the shutdown in March of the country's biggest distribution network for links to illegal music files.**

The group, called "DiscografiaS" ("Recordings"), was part of one of Brazil's largest and best-known social networking services, "Orkut". The Orkut social network is controlled by Google Brazil and claims to have more than 60 million users. "DiscografiaS" had almost one million registered users and links to more than two million music tracks.

In addition to "DiscografiaS", another five communities dedicated to specific music tastes, such as soap opera soundtracks, movie soundtracks and compilations, were also shut down.

Paula Rosa, director of music industry group ABPD, said: "The closure of the illegal file-sharing network is a significant step in curbing online piracy in Brazil. The communities affected represented the largest user group in a social network dedicated to exchanging links for the purpose of illegal copying."

## IFPI Finland head receives award

**Arto Alaspää, the managing director of IFPI Finland, has been presented with a Cross of Merit for his work assisting Finnish Customs.**

He played a key role in building up the efficient public/private co-operation between Finnish rights holders and Customs authorities. Alaspää has been the chairman of local anti-piracy group CIAPC for many years and the organisation has worked in partnership with Customs for nearly a decade.

Since 2006 Finland's copyright law has adopted a zero tolerance stance against the import of counterfeits. This legislation was originally proposed by the right holders and supported by Finnish Customs and has led to a market that is practically free of physical piracy. Public awareness campaigns run jointly by CIAPC and Customs have been fundamental to this success.



Finnish customs present Cross of Merit

## New Belgian research on downloading

**Research in Belgium has revealed that more than 90 per cent of students regularly download movies, games, music and software.**

The study, sponsored by rights holder groups BAF, BSA and SABAM, found that 77 per cent of students download music, 37 per cent software, 33 per cent films and 12 per cent games.

The majority of music files (64%) were downloaded from an illegal source, while just one in 10 (11%) were from a legal source. Respondents claimed not to know whether the other 25 per cent of downloads were from a legal or illegal source.

The reasons mentioned for illegally downloading music were: "it's fast", "it's free" and "it's very handy and user-friendly". More than 10 per cent of respondents admitted to passing on illegally downloaded music files to their friends.

On average each respondent downloads 1,332 MP3 files per year, amounting to roughly 100 albums, but on average they buy just six albums in licensed stores over the same period. Two in three respondents said they are not willing to pay for music downloads at all.

The study was carried out by a Belgian college in December 2008 amongst more than 1,100 university students.

## At a glance.

### Situations Vacant

Internet Anti-Piracy Specialist

*Deadline 12th August 2009*

Internet Investigations Analyst

*Deadline 12th August 2009*

### People. Departures.

Len Hynds Head of Enforcement

Helen Saunders Senior Analyst

### Diary. 2008.

20th August Training at Swedish Patent Office

28th Sept to 1st Oct

INTERPOL IP Crime Conference, Dublin

Mid October EUROPOL Training event The Hague

Mid November INTERPOL Training seminar Rome

### Note from the Editor.

I will be leaving IFPI at the end of August 2009 and would like to thank all those who have contributed with articles, photographs and advice for this and all previous editions of RIGHT TRACK and the Enforcement Bulletin. I could not have done it with out you. **Graham Hagger**

The next edition of **RIGHT TRACK** will be published in January 2010.

Contributions are welcomed and these should be forwarded to [peter.scott@ifpi.org](mailto:peter.scott@ifpi.org) no later than 10 December 2009

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