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September 14, 2012

Stan McCoy
Assistant U.S. Trade Representative
Intellectual Property and Innovation
Office of the US Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Request for public comment on the 2012
Special 301 Out of Cycle Review of Notorious
Markets. Docket No. USTR-2012-0011

Dear Mr. McCoy:

The Motion Picture Association of America submits the following response to the request for written submissions issued August 14, 2012, by the Office of the US Trade Representative, inviting submissions from the public on notorious markets outside of the United States.

The American motion picture and television industry is a major U.S. employer that supported 2.1 million jobs and over \$143 billion in total wages in 2010 in all 50 states. Over 282,000 jobs were in the core business of producing, marketing, manufacturing and distributing motion pictures and television shows. These include people employed in film and television production-related jobs on a free-lance basis, part time or full time at major studios, independent production companies, and core industry suppliers like film labs, special effects and digital studios, location services, and prop and wardrobe houses dedicated to the production industry, among others.

Another 400,000 jobs were in related businesses that distribute motion pictures and television shows to consumers, including people employed at movie theaters, video retail and rental operations, television broadcasters, cable companies, and new dedicated online ventures. The industry also supports indirect jobs in the thousands of companies that do business with the industry, such as caterers, dry cleaners, florists, and hardware and lumber suppliers, and retailers.

The American motion picture and television production industry remains one of the most highly competitive around the world. In 2010, the enduring value and appeal of U.S. entertainment around the world earned \$13.5 billion in audiovisual services exports, over 6 percent more than

2006. Moreover, this industry is one of the few that consistently generates a positive balance of trade. In 2010, that services trade surplus was \$11.9 billion, or seven percent of the total U.S. private-sector trade surplus in services.

The industry distributes its films and TV shows to over 140 countries and with nearly half of MPAA member companies' distribution revenue annually earned from overseas, MPAA has a strong interest in the health and sustainability of these international markets. MPAA greatly appreciates USTR's interest in identifying notorious markets that threaten legitimate commerce, impair legitimate markets' viability and curb U.S. competitiveness, and hurt our overall economic strength. It is critical that our trading partners protect and enforce intellectual property rights.

Below, the MPAA has identified both online and physical notorious markets. To the best of our ability, we have attempted to respond to the six indicators identified in the NOI. In most instances, however, criminal enterprises work to obfuscate identifying information. This list should not be understood to be comprehensive. It does, however, indicate the scope and scale of global content theft and it introduces some of the ongoing challenges rights holders confront in protecting their intellectual property. The list also introduces several forms of content theft which, despite their differences, all have a serious impact on the ability of the U.S. motion picture and television industry to compete successfully overseas, underscoring the need for a focused, strategic US policy.

For all of the workers in our industry and their families, copyright theft means declining incomes, lost jobs and reduced health and retirement benefits. Copyright theft is not a victimless crime. The criminals who profit from the most notorious markets throughout the world threaten the very heart of our industry and in doing so they threaten the livelihoods of the people who give it life. These markets do not represent a problem that lies on the far horizon, they are here now and they are here in volume.

I. Online Notorious Markets

In the online space, the theft of creative content has evolved rapidly. In the late 1990s, infringing content primarily was traded via small private online networks. With the introduction of peer-to-peer technologies, online content theft largely moved first to centralized peer-to-peer protocols, such as Napster, and then to de-centralized technologies such as BitTorrent. Today the online market has further fragmented and content thieves are taking advantage of new online technologies, with streaming sites and cyberlockers representing a growing share of unlawful conduct. Moreover, a secondary market has arisen in the form of "linking sites", which are professional-looking sites that facilitate content theft by indexing stolen movie and television content hosted on other sites. There has also been an increase in the export and transshipment of pirate optical discs by Chinese Internet businesses. The quality of the counterfeits' packaging is shockingly sophisticated and nearly indistinguishable from legitimate product. The products come in many forms, including large box sets of TV series or movie collections that do not even exist in the legitimate market, single DVDs and single Blu-ray discs.

The below discussed online markets were identified based on USTR's request for information on markets "where counterfeit and pirated products are prevalent to such a degree that the market exemplifies the problem of marketplaces that deal in infringing goods and help sustain global piracy and counterfeiting." This is not intended to be a comprehensive list but, rather, reflects an attempt to identify sites that are demonstrative of the nature and scope of the problem, consistent with the USTR's stated objective.

In many cases, an Alexa rank has been included for many of the sites. Alexa rank represents the approximate number of web sites in the world that have a popularity higher than the given site-- the more popular a site, the smaller the number. To put this in context, Wikipedia is ranked sixth in worldwide traffic and Netflix is 96.

In addition, many of the sites include a compete.com ranking. Compete.com ranks websites by estimated visitor traffic. This traffic is approximated through information sources that include Internet Service Providers and by tracking the behavior of Internet users via opt-in panels and a browser toolbar that is available to the general public.

Peer-to-Peer Networks & Torrent Portals: A peer-to-peer network provides a method for users to exchange files quickly and easily between the individual computers on the network – other users or "peers." While there are many different peer-to-peer technologies available, "BitTorrent" or "torrent" technology is the technology most commonly used to distribute illegal movie and television files because it breaks large files into smaller pieces, making them faster to distribute. BitTorrent or torrent sites allow users to locate and download files directly from the computers of other users in the BitTorrent network. BitTorrent websites facilitate the downloading of files among peers by maintaining information about the names and locations of files on the computers of each peer in the network and initiating the download process.

The BitTorrent landscape was measurably impacted by both regulatory and law enforcement efforts over the last year. For example, Demonoid.me (Alexa 938) went offline after Mexican officials arrested the site's operator and coordinated seizures of the website's servers with Ukrainian officials. Btjunkie.org (Alexa 401), on the other hand, voluntarily shut down in the wake of the Megaupload seizure and blocking actions by the Governments of Malaysia and Italy. Both of these sites were included in USTR's 2011 Out-of-Cycle Review of Notorious Markets.

The sites identified in this year's filing were identified in part because they make available to downloaders unauthorized copies of high-quality, recently-released content and in some cases, coordinate the actual upload and download of that content.

- Extratorrent.com – Ukraine. Extratorrent.com is a highly popular BitTorrent indexing website ranked as the 395th most popular website in the world by Alexa.com. Compete.com currently estimates the website's traffic at 1,055,299 visitors per month. The site claims to offer more than 36 million files with sharing optimized through over 43 million seeder and more than 60 million leechers. Some of the website's features include sections highlighting "the most pirated movies," and "first cams," which are camcordings of motion pictures

currently available only through theatrical distribution. Users rate the quality of the content and the uploader, as well. Extratorrent.com is currently hosted by Server UA in the Ukraine.

- IsoHunt.com – Canada. Isohunt.com is the third most popular BitTorrent site on the Internet. The website claims to offer 64.65 million peers, 9.3 million active torrents, and is currently ranked as the 231st most visited website on the Internet by Alexa.com. Compete.com estimates the website receives 1,201,460 visitors each month. In 2009, a U.S. Court found the operator liable for copyright infringement and issued a permanent injunction against Isohunt.com. A motion of contempt of the court's injunction has also been filed. The website, however, continues to operate through private servers operated by Isohunt in Canada.
- Kat.ph – Canada. This website has steadily increased in popularity since 2009 and is currently ranked 160 by Alexa. Originally known as Kickasstorrents.com, the website transitioned to a new domain, Kat.ph, weeks after the U.S. Department of Homeland Security seized several domains associated with motion picture piracy. Motion pictures represent the largest category of content on this filesharing website with 1,063,421 listed available, along with 650,819 titles listed under the Television category. Compete.com estimates 874,966 users visit Kat.ph each month through its servers hosted by Netelligent Hosting in Canada.
- Rutracker.org – Russia. This BitTorrent portal was launched in 2010 in response to the takedown of Torrent.ru by the Russian criminal authorities. Rutracker.org is a BitTorrent indexing website with an estimated four million users and one million active torrents. It is one of the most visited websites worldwide with an Alexa ranking of 285 and a rank of 16 within Russia. Rutracker.org is hosted through Avtomatizatsiya Business Consulting in the Russian Federation.
- Thepiratebay.se – Sweden. Thepiratebay.se (TPB) claims to be the largest BitTorrent tracker on the Internet with an Alexa rank of 81. Available in 35 languages, this website serves a wide audience with upwards of 31 million peers accessed by almost 6 million members. Compete.com currently estimates the site to receive 3,966,503 visitors per month. Swedish prosecutors filed criminal charges against TPB operators in January 2008 for facilitating breach of copyright law. The operators were found guilty in March 2009 and sentenced to one year in prison and a multi-million dollar fine. Two years later, the operators launched a direct download hub named Bayfiles.com through which users are presently uploading and distributing infringing files upwards of 5 GB in size. The TPB continued to combat efforts to protect the interests of copyright holders by changing their top level domain to .SE in an effort to thwart site blocking efforts instituted by the Governments of Belgium, Malaysia and Italy. Sweden's Supreme Court also affirmed the 2009 criminal convictions this year. Thepiratebay.se is currently hosted through servers operated by the Pirate Party in Sweden: Piratpartiet.se.
- Torrentz.eu – Canada. As one of the oldest and most popular BitTorrent websites on the Internet, Torrentz.eu has been in operation for nine years. This BitTorrent metasearch engine has an Alexa ranking of 121 and Compete.com estimates that Torrentz.eu receives 2,927,243 visitors each month. Torrentz.eu currently claims to offer 22.6 million active files via 34

major BitTorrent websites that include Thepiratebay.se and Kat.ph. The website temporarily shut down in 2004 in response to a takedown notice from a copyright holder and then came back online with a more aggressive configuration. The website transitioned to the .EU domain following the U.S. Department of Homeland Security seizure of multiple domains. The website is currently hosted through Netelligent Hosting in Canada.

- Xunlei.com – China. With an Alexa ranking of 35 within China, Xunlei.com features a proprietary, high speed P2P file sharing system that distributes unauthorized copies of motion picture and television content. The system incorporates the website’s own desktop download manager with file formats unique to the system. Recently, Xunlei’s public service, Kankan, transitioned in format and now streams some authorized motion picture content. However, it also offers a “VIP Offline” service which distributes infringing content for a monthly fee. With this service, infringing content is downloaded by Xunlei from the external source and is stored to its servers for unauthorized on demand viewing. Xunlei.com is currently hosted in China by China Unicom.

Infringing Download and Streaming Hubs: Infringing download and streaming hubs, which include what are sometimes referred to as “cyberlockers”, are types of hosting sites that allow users to upload and distribute files. A user uploads a file and the hosting site provides the uploader with a link to that file. Clicking the link will either initiate a download of the uploaded file, a stream of the uploaded file or offer both options. It is very common for links to illegal copies of movies and television shows that have been uploaded to these sites to be widely disseminated across the Internet via linking websites, social media platforms, forums, blogs or email.

Download hubs frequently provide several unique links to the same file. Once an infringing link is identified, the hub is told (via takedown notice) to remove the infringing file from its servers. It is not unusual, however, for the hub to remove only the single link located by the copyright owner. Other links to the same infringing file, and the file itself, remain intact and available to provide continued access to the infringing content.

This year’s seizures of Megaupload.com and Megavideo.com by the Department of Justice illustrate the extent and impact that hosting hubs have on the online landscape. Prior to the seizures, Megavideo.com (Alexa 177) and Megaupload.com (Alexa 72) were estimated to receive 3,447,7741 and 2,640,8452 unique visitors each month, respectively. Megaupload.com alone was estimated to have consumed 11.4% of the Internet bandwidth in Brazil. When these two websites were taken down, many linking websites, custom search engines, and custom streaming scripts that relied on the sites for content became inoperable. Some websites were abandoned by their operators, others lost traffic, while still others shifted their business model. For example, Wupload.com (Alexa 918), which was featured in MPAA’s filing last year, disabled file sharing. Affiliate programs that paid uploaders for content were also discontinued or removed by many hubs. Further, infringing content was purged by operators in bulk, which was followed by uploaders who deleted their own files to prevent the hubs from profiting on the uploads without paying incentives. In sum, the impact of these seizures was massive and the hub landscape is still recovering.

While some hubs offer both legitimate and infringing content, the sites listed below were identified because of the vast amount of infringing premium content available to users, which serves as a huge driver of traffic to these sites.

- **Extabit.com- Netherlands.** Like Uploaded.net, Extabit.com expanded its services to accommodate a surge in traffic following the Megaupload.com seizures. Currently ranked 1,074 by Alexa.com, this download hub receives an estimated 228,661 visitors per month according to Compete.com. Download speeds are throttled and advertisements are present for users who do not purchase the \$89.99 annual premium membership. Extabit.com is hosted at Leaseweb in the Netherlands.
- **Netload.in- Germany.** Netload.in, Alexa.com rank 1,411, is a download hub available in ten languages that receives an estimated 227,720 visitors per month according to Compete.com. Download speeds are throttled and files are automatically purged every 30-days for users who do not purchase the \$64.99 annual premium membership. Netload.in is hosted at Link 11 GmbH in Germany.
- **Putlocker.com – United Kingdom.** Launched at the end of 2010, Putlocker.com has quickly risen to become one of the most visited streaming hubs worldwide with an Alexa rank of 329. Compete.com estimates that 3,962,420 visitors use the website each month which is nearly a quadruple increase in traffic since last year’s report. This hub is somewhat unique in that it offers both streaming and downloading of significantly large video files – upwards of five GB in size. Files found on Putlocker use filesharing naming conventions that designate the quality of the infringing file and the release group responsible for making it available. Shortly after the Megaupload takedown, Putlocker ceased to pay uploaders for each viewing of their uploads. Users, however, continue to pay the operators \$44.99 a year for premium accounts that enable them to download copies of the content or stream it without the distraction of advertisements. Alexa.com has identified over 7,320 websites linking to Putlocker, continuing to suggest that Putlocker is one of the most popular sources of content for linking sites. Putlocker.com is currently hosted by M247 in the United Kingdom.
- **RapidGator.net – Russia.** This site has very quickly grown in popularity since January 2012. According to the Alexa, RapidGator is currently the 397th most popular site in the world. This site offers monetary rewards for uploaders, encouraging uploaders to distribute popular content such as copyrighted movies and television programs as widely as possible. Premium subscription plans are available, allowing users to avoid throttled download speeds and data-download limits. RapidGator.net is hosted by Nevillage Network in Russia.
- **Simdisk.co.kr –South Korea.** Simdisk.co.kr is one of over 200 high-volume storage lockers in South Korea known as Webhards. These websites are most prominently used to distribute unauthorized copies of motion picture and television content, which is often announced with images and tags depicting the quality of the video, such as DVDRip. Revenue is typically generated through download fees, which can be substantial. The Korean government passed a Webhard-Registration Law in November 2011, under which Simdisk.co.kr subsequently registered. While the website’s popularity has fallen with a current Alexa rank of 3,142,

infringing content remains widely available. Simdisk.co.kr is currently hosted in South Korea by Korea Telecom.

- **Uploaded.net- Netherlands.** Uploaded.net, with a current Alexa ranking of 3,856, is a download hub that incentivizes users to upload large files, such as those associated with television episodes and motion pictures, by paying rewards based on the file size. Users who upload files less than 100 MB in size are rewarded approximately \$12.58 per every 1,000 downloads, while those uploading larger files are paid approximately \$37.75 for the same count. Download speeds are throttled for users who do not purchase the \$69.99 annual premium membership. Following the Megaupload.com takedown, Uploaded.to blocked traffic from U.S. IP addresses and expanded their server capacity to accommodate a “massive growth” in traffic. While the website has since allegedly changed hands, the site continues to offer infringing content with file names clearly associated with illicit filesharing and illicit release groups. The site operator recently switched TLD’s to “.NET” and began redirecting traffic from the “.TO” to the new domain name. The website operates through multiple redundant domains that include Uploaded.to (Alexa 408) and Ul.to (Alexa 22,685). Uploaded.net is hosted by Leaseweb in the Netherlands.
- **VKontakte – Russia.** VKontakte, or VK.com, is the leading social networking site in Russia and Russian speaking territories. VKontakte has become a hotbed of online piracy for movie, television and music files. This stems from the site specific user upload and search functionality – including torrent functionality – designed to facilitate easy hosting and access to popular media files coupled with the lack of any affirmative efforts by the sites’ operators to prevent copyright infringement. In fact, some view an important basis of Vkontakte’s appeal to be the widespread and easy availability of infringing content for download or streaming to its users. VK.com is frequently encountered on European-owned linking websites who may find the service less disrupted by copyright infringement claims. The site is available worldwide in multiple languages, including English, and is easily one of the most visited sites in the world with a worldwide Alexa ranking of 35 and an Alexa ranking of 2 in Russia. VK.com operates on corporate-owned servers in Russia.

Linking Websites: Linking websites aggregate, organize and index links to files stored on other sites. The linking site typically organizes the illegal copies of movies and television shows by title, genre, season and episode, and often uses the official cover art to represent the content. The site then provides one or more active links so the user can access the infringing content. Depending on the website, users are commonly presented with the option to either stream the content in a video-on-demand format or download a permanent copy to their computer.

The linking website landscape was measurably impacted this year by law enforcement actions around the globe. German authorities arrested the operators of several high profile linking websites that included Kino.to and Video2k.tv (Alexa 3,164), which was featured in last year’s MPAA filing. U.S. authorities also crippled many linking websites around the world, like the Brazilian 3000filmes.com, through the Megavideo.com seizure.

- **1channel.ch – Estonia.** 1channel.ch, formerly known as, Letmewatchthis.ch, is one of the most visited websites in the world to locate links to illicit copies of first run motion picture

and television content. The website's current Alexa ranking is 463. The operator has implemented numerous tactics to "bullet proof" the website and keep it online including hosting through a rotating inventory of 30 or more domains and a variety of hosting locations. Traffic to this site continues to rise; Compete.com estimates the website receives over 3.24 million unique visitors each month. These users submit and rate the content links under categories representative of content theft, i.e. Medium/Telesync and High/DVDRip. The website is currently hosted on a private dedicated server through Wavecom in Estonia.

- Free-tv-video-online.me – Czech Republic. Free-tv-video-online.me, formerly known as Projectfree.tv, is one of the most visited websites in the world to locate links to illicit copies of first run motion picture and television content. The website's current Alexa ranking is 1,000 and the site receives an estimated 1,371,946 unique visitors a month and rising. The original operator was successfully sued civilly and subsequently sold the site to the current non-compliant operator who added the .ME domain to potentially avoid domain name seizure. The current operator is also believed to own Quicksilverscreen.ch, which was one of the biggest linking sites in the world a year ago and has since shut down. The website is currently hosted in the Czech Republic by Coolhousing Hostmasters.
- Movie2k.to – Romania. Edging past 1channel.ch in traffic this year, Movie2k.to is estimated to receive over 3,757,459 unique viewers each month – a five-fold increase over last year's Compete.com estimate. Users submit links of first run motion picture and television content through this website with tags designating the picture and sound quality. The operator registered and advertised the availability of alternate domains for accessing the website shortly after a series of domain seizures by the U.S. Department of Homeland Security in 2011. These alternate domains include Movie2k.com, Movie2k.me, and Movie2k.ws. Earlier this year, the operator posted a lengthy statement on the website in response to the shutdown of several infringing websites associated with Kino.to in Germany. In the statement, the operator proclaimed that copyright laws are outdated. Movie2k.to is currently hosted in Romania by Voxility.
- Seriesyonkis.com - Spain. With a worldwide Alexa rank of 2,578, Seriesyonkis.com remains one of the most visited websites in the world for locating and streaming unauthorized copies of motion picture and television content. This Spanish language site serves a global audience with consistently high Alexa rankings of 92 in Spain, 326 in Mexico. Users submit and find links to over 600 television titles, often with user generated subtitles and tags that identify the overall quality and source of the video. The operators also operate a separate, highly popular website named Peliculasyonkies.com, Alexa rank 6,098, which specializes in offering unauthorized copies of motion picture content. Both Peliculasyonkies.com and Seriesyonkis.com are hosted by Comvive Servidores located in Spain.
- Solarmovie.eu – Canada. Solarmovie.eu continues to rise in popularity as a source for links to first run motion picture and television streaming content. With an Alexa traffic rank of 2,000, Compete.com estimates that this site receives approximately 1,528,026 visitors each month. Each title is offered with dozens of links to content from multiple sources that are graded by users for quality. The community forum serves as a platform for requesting

content and monitoring the service of the streaming hubs. Solarmovie.eu is hosted by Netelligent in Canada.

- Telona.org – Sweden. The Brazilian landscape largely relies on linking websites to locate and download content. For first run motion pictures, this content is generally camcordered in a theatre located in another country and then manipulated by a local release group to add Portuguese audio captured from a local theatre or subtitles. Telona.org is typical of piracy sites in Brazil as it offers content specific to the region, which is stored on download hubs that include Uploaded.net. Telona.org is ranked 22,236 worldwide by Alexa.com and 921 within Brazil. The website currently has 31,000 followers on Facebook. Telona.org is hosted by ServerConnect in Sweden.

Newsgroup: Newsgroups originated as text-based Internet discussions forums. Over time, newsgroup technology evolved from transmission of text only messages for purposes of general Internet based discussions to allow for the transmission of large media files. Newsgroup users post messages to a news server which then shares that message with other participating news servers around the world. This worldwide collection of servers is known as the Usenet, a high-speed direct download service offering access to a searchable global file exchange network. Today, illegal copies of movies and television shows are commonly posted in newsgroups for download by users around the world.

- Usenext.com – Germany. This Usenet service markets to mainstream P2P users much more heavily and directly than do traditional subscription Usenet services. High-quality Blu-ray rips of MPAA members' content can be easily found on Usenext. Usenext provides a free trial period to users and then subscription plans start at approximately \$10.90 USD a month and go up based on the quantity of content users wish to download. Usenext is operated in Germany and hosted by Mainlab GMBH in Germany.

Online Markets: The distribution and sale of illicit hard goods through online markets, such as auction sites, business-to-business (B2B), and business-to-consumer (B2C) exchanges is a growing concern. These sites may offer legitimate consumer goods, but intermingled with listings of legitimate goods are sellers that specialize in illegal merchandise. Well-constructed offerings, such as well packaged but poor quality counterfeit copies of movie and television programming at retail prices can fool the savviest of consumers. Many online market platforms refuse to take appropriate steps to prevent infringers from operating anonymously on their platforms, including through the collection and verification of the identity of their seller-users. So long as the platforms continue to allow criminals to operate anonymously, counterfeiting on these platforms will continue to be a major, world-wide problem.

- Paipai – China. The Chinese-language e-commerce platform Paipai has emerged as a major source for counterfeit DVD and Blu-ray product. Counterfeit versions of MPAA member company product are widespread and easy to locate and purchase. With an Alexa ranking in China of 50, it is critical that Paipai begin to show more receptiveness to outreach by right holders and take the steps necessary to operate a responsible e-commerce platform. Paipai is hosted in China by China Unicom.

MPAA is pleased to report that Taobao – listed in MPAA’s notorious market filing last year – made significant progress in 2012 in addressing counterfeiting on its site. Taobao has proactively begun taking significant and meaningful steps to address this problem, engaging with MPAA on how to deal with the issue of sales of counterfeit goods. As a result of these discussions, Taobao now requires all sellers of optical discs to produce a “Publication Business License,” has implemented tougher seller suspension and termination policies, enhanced cooperation with right holders, and improved response times to takedown notices. We are optimistic that Taobao will continue to take the steps necessary to make real and permanent reductions in the availability of counterfeit goods on their e-commerce platform. In furtherance of these positive steps, Taobao and MPAA have entered into a meaningful MOU to further enhance cooperation and seek to eradicate counterfeit DVD and Blu-ray product from being offered for sale.

II. Notorious Physical Markets

Perhaps more familiar to the public are the myriad physical markets located around the world that offer consumers burned or pressed infringing optical discs. Many of the markets discussed below are particularly challenging for rights holders because of the strong connections with organized criminal syndicates. In 2009, the RAND Corporation report, *Film Piracy, Organized Crime and Terrorism*, found “Counterfeiting is widely used to generate cash for diverse criminal organizations. In the case of DVD film piracy, criminal groups are moving to control the entire supply chain, from manufacture to distribution to street sales, consolidating power over this lucrative black market and building substantial wealth and influence in virtually every region of the globe.” Examples of notorious physical markets include:

- 7 Kilometer Open Market (Odessa) and Barabashovo Open Market (Kharkov) - Ukraine. These Ukrainian markets are still the most prominent locations for an array of counterfeit products given their sheer size of more than 20,000 kiosks each. Although there has been a decline in the number of counterfeit discs available following an increase in police raids, Russian-replicated counterfeit movies continue to be sold. These market locations, one near a major seaport and both near Russian railway terminals, attract a broad range of visitors and facilitates illicit imports from Russia.
- Greater Toronto Area (GTA) – Ontario, Canada. In 2011, over half a million counterfeit DVDs were seized in the GTA by local law enforcement officers and over one million counterfeit movies were seized in the first half of 2012 alone. Toronto flea markets housing multiple vendors are the most notorious Canadian venues to purchase pirate discs and the Region of Peel with over 30 vendors remains dominant. The markets 747 Flea Market, Brampton Town Market, 255 Queen Street East Market, Dixie 401/Flea Market, and Mississauga Flea Market also remain problematic.
- Hailong Electronics Shopping Mall, Beijing Haidan District – Beijing, China. Hailong is one of the largest markets in Beijing hosting shops offering bundled sales of hard drives

loaded with counterfeit movies in both DVD and Blu-ray formats. Hard drives can subsequently be wiped and reloaded with new movies at a very low cost.

- Harco Glodok – Jakarta, Indonesia. This market remains the largest and most active in Indonesia for counterfeit and pirated optical discs of all types, including music, games, and movies in both DVD and Blu-ray formats. Enforcement officials have consistently shown a lack of interest in enforcing against the widespread illegal activity taking place in this market.
- Jonesborough Market – Northern Ireland. Infamous within the UK and Ireland, this market sits in an isolated area on the border of Northern Ireland and Ireland and is monitored by illegal traders deploying counter-surveillance measures. Despite enforcement activity in 2012, it remains a problematic market and illegal traders often escape across the porous border during raids. Operators of this market have historically strong ties to paramilitary groups and sell an array of counterfeit products, including pirated optical discs.
- Mayak Open Market (Donetsk) and Petrovka Open Market (Kiev) – Ukraine. While there are signs of diminishing number of counterfeit products sold in these markets following police raids, counterfeit movies, many of which are burned on demand, continue to be sold in Mayak's and Petrovka's respective 40 and 20 kiosks.
- Mercado Popular de Uruguaiana – Rio de Janeiro, Brazil. The largest and most famous shopping market in Rio, this market is set on four street blocks and contains more than 1,500 kiosks, many of which sell counterfeit optical discs.
- Mutino Market – Moscow, Russia. Despite a series of successful enforcement actions from 2010 to 2012, the number of kiosks selling counterfeit product has increased to 20. In some kiosks, the physical display of counterfeit product has been replaced with titles burned to order, sometimes in nearby premises which provide further challenges to successful enforcement.
- Panthip Plaza, the Klom Thom, Saphan Lek, Baan Mor Shopping Area, Patpon and Silom Shopping Areas, Mah Boon Krong Center, and the Sukhumvit Road Area – Bangkok, Thailand. These locations are notorious for openly selling pirated and counterfeit goods; all have been designated as “red zones” by Thailand authorities. Unfortunately, the situation failed to improve between 2011 and 2012, with many vendors openly selling counterfeit movies as well as child pornography.
- Pulga Mitras, Pulga del Rio, Mercado del Norte and Zona Centro (Monterrey); San Juan de Dios, Parian and La Fayuca or La 60 (Guadalajara); La Cuchilla, Murat, la Fayuca, la Central Camionera and Zona Centro (Puebla); Las Vías and Salinas Hidalgo (San Luis Potosi); Premises located at 54 por 65 Street and 56A por 65 Street, (Merida); Central Camionera, Mercado Pescadería, Jalapa Centro and Veracruz Centro (Veracruz); Central Camionera, Lerma and Zona Centro (Toluca); Las Carpas 1 and 2, Siglo XXI, Fundadores and Mercado de Todos (Tijuana) – Mexico. This long list of notorious Mexican markets is merely a small subset of the nearly 90 well-known markets which specialize in pirate and

counterfeit products and operate across Mexico. These markets were highlighted because they are all controlled by organized criminal organizations.

- Richie Street and Burma Bazaar (Chennai); Bada Bazaar (Kolkata); Palika Bazaar (underground market in Delhi); Manish Market, Lamington Road, Fort, Andheri Train Station, Thane Train Station, Borivli Train Station, and Dadar Train Station (Mumbai) – India. These Indian markets with clusters of street vendors attract significant pedestrian traffic and are known for their high volume of pirated DVDs and other counterfeit products.
- San Li Tun District – Beijing, China. Most shops in the San Li Tun shopping district openly sell counterfeit movies and television programs, and is especially popular with foreign tourists.
- Tepito, Lomas Verdes, Salto del Agua, and Tereo Markets – Distrito Federal, Mexico. These are the main suppliers of pirated optical discs in the Distrito Federal. Labs and warehouses are also located in these markets. All are controlled by organized criminal gangs.
- Tri-border Region – Paraguay, Argentina, Brazil. The tri-border region between these three countries has a long standing reputation for piracy and counterfeiting. Most of the product found in this area is manufactured in Asia, notably China.

MPAA is pleased to report progress at some of the physical markets cited in last year's notorious market filing. The Pacific Mall, First Markham Place, and the Oriental Center markets in Canada are now clean of infringing optical discs following law enforcement and MPA-Canada efforts. In Brazil, the Feira do Paraguai in Brasilia and the Galeria Pagé in São Paulo have significantly reduced counterfeit movies sold following law enforcement support. The markets along the Czech/Austrian and German borders continue to significantly reduce the amount of visible counterfeit movie product.

III. Closing

The six major studios of the MPAA support the U.S. economy by generating billions of dollars from filmed entertainment distributed around the globe. Notwithstanding this singular achievement, the U.S. motion picture and television industry faces relentless challenges to the integrity of its product, challenges extracting an increasingly unbearable cost. The economic and cultural vitality of the creative industries is one of our nation's most valuable assets.

MPAA supports USTR's efforts to identify foreign notorious markets. These markets are an immediate threat to legitimate commerce, impairing legitimate markets' viability and curbing U.S. competitiveness. We strongly support efforts by the U.S. government to work with trading partners to protect and enforce intellectual property rights and, in so doing, protect U.S. jobs.

MPAA appreciates the opportunity to comment and is ready to provide further information or answer questions as required.

Sincerely,

A handwritten signature in black ink, appearing to read "M. P. O'Leary". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael P. O'Leary
Senior Executive Vice President
Global Policy and External Affairs