



Artists Corner

GrayZone Digest

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Musicians Fight Back

London

Lawyers for artists George Michael, Paul Weller, Crowded House and a new British act, Ocean Colour Scene, are behind four High Court writs issued against a compact disc factory alleged to have pirated nearly £6 million worth of their albums. The artists' legal advisors indicated that Mayron Multimedia has "ripped off" their clients "in one of the most outrageous ways possible." Sources claim that 480,000 copies of the pirated materials have been seized and can be traced back to the north London-based Mayron. The street value of the contraband is estimated at £5.76 million.

(Financial Mail, June 1, 1997 - Scott Wilkinson)

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Worldwide Update

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Bulgaria

Two Raids Produce Two Results

Raid Number One: Sofia

A Bulgarian court acquitted a defendant in the country's first case involving alleged piracy of compact discs, in which Bulgaria ranks second only to China. State radio said a regional court in the town of Veliko Tarnovo had rejected the case against Marko Mihailov, 37, manager of a local firm called SMC. The prosecutor's office, which had accused him of organizing production of the CDs in 1995-96 in breach of Bulgarian copyright law, has two weeks to lodge an appeal.

Despite the outcome, this first case in Bulgaria against pirate CD production is a positive signal, according to sources close to the case. Last year, Bulgarian police investigated more than 200 audio and video producers and distributors, and 83 cases were referred to the prosecutor's office, but no one has yet been convicted. IFPI has estimated illegal CD production in Bulgaria at 15 million discs per year, costing the European recording industry approximately \$100 million.

(Reuters/Variety, June 12, 1997 - Liliana Semerdjieva)

China

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Pirates Hijack Movie Epic of the Opium War

Hong Kong

Pirates hijacked China's costly movie epic of the Opium War, a centerpiece of its propaganda leading up to the Hong Kong handover. "The Opium War," which cost HK \$116.07 million (US \$15 million) to make, was on sale for HK \$30 (US \$3.8) on an unlicensed compact disc just three days after the handover, a newspaper said. Beijing took Hong Kong back from Britain recently, ending 156 years of colonial rule that began with China's humiliating defeat in the Opium War. Said the South China Morning Post, "If you knew who owned the factory which makes these discs, you'd know there is no problem." A youth selling the pirated film concurred with the newspaper. He alluded to the involvement of a "higher authority" when asked if he feared any penalty for depriving mainland Chinese film makers of royalties.

(Reuters/Variety, July 2, 1997)

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Italy

Black Market Designer Rip-Offs Thrive in Italy

Rome

According to an in-depth article on piracy throughout the world that appeared in The New York Times, the black market for designer rip-offs thrives in Italy. Earlier this year, Italian police raided leather workshops in Milan, Florence and parts of Tuscany, seizing thousands of bags with brand names like Chanel, Prada and Dior, which were slated for export to Spain, Switzerland and countries as far away as Japan. Alarmingly, the difference with these products is that they weren't the usual shoddy rip-offs. Instead, they were barely distinguishable from the genuine articles. The Times concluded that the same craftsmen who design the originals are also knocking them off.

(The New York Times, July 3, 1997 - John Tagliabue)

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Russia

Russians Form Association to Fight Video Piracy

Moscow

A group of Russian film distributors and television companies have formed an association to fight video piracy, according to officials. "In Russia, the video piracy situation is very bad, which means it's a great place to be a video pirate," according to Grigory Simanovich, a spokesman for Russian Public Television ORT. "Russia has taken virtually no steps against video piracy, and, as a result, the government loses \$250 million a year in tax revenues," he added. The new Russian Anti-Pirate Organization includes ORT, Mosfilm, the country's leading studio, official video distributors, the U.S.

United States

Motion Picture Association and others in the fight against the sale of unauthorized videos. Russian police make raids against vendors of illegal videos and CDs occasionally, but make very few arrests.

(Reuters/Variety, July 7, 1997)

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U.S. Anti-Piracy Busts

New York

New York Times writer Linda Lee describes New York City as the epicenter of video piracy. In this in-depth piece, she also interviews top executives in the movie industry, as well as experts in anti-piracy operations, who describe new aggressive measures that have been implemented to thwart the mega-movie bootleggers.

(The New York Times, July 7, 1997 - Linda Lee)

Los Angeles

Maria Elena Arrieta and Rocia Roa pled guilty to felony music piracy charges on June 3 in Los Angeles Superior Court. Arrieta was sentenced to two years in state prison and Roa was sentenced to three years felony probation and 90 days in the county jail. Both defendants were ordered to pay restitution to the RIAA in the amount of \$3,640 for investigative and seizure-related costs. The prosecution was related to an April, 1997 search warrant seizure of 23,704 counterfeit audio cassettes (predominantly Latin/Hispanic product) by the Los Angeles Police Department and the RIAA.

(RIAA Fast Tracks, June 24, 1997)

Los Angeles

Deputies from the Los Angeles County Sheriff's Department, North Regional Surveillance and Apprehension Team, searched three locations in the cities of LaVerne and Pomona recently and seized over 28,000 pirate CDs and 3,885 pirate cassettes along with digital mastering equipment for the CDs and high speed, stereo duplicating equipment for the cassettes. Two men were arrested and charged with violating California's True Name and Address statute. The Pomona operation produced over 15 albums, most of them compilations of rap music by artists such as: LL Cool J, Tupac Shakur, Notorious B.I.G., and Marvin Gaye.

(RIAA Fast Tracks, July 8, 1997)

Dayton, Ohio

FBI agents assisted by investigators for the Motion Picture Association of America and the RIAA raided a major laboratory in Dayton, Ohio that was engaged in the illegal duplication of video and audio cassettes. Approximately 25,000 illegal videocassettes, 10,000 illegal audio cassettes and 191 VCRs were seized. The U.S. Attorney's Office for the Southern District of Ohio has charged seven individuals arrested with conspiracy to violate the Federal Copyright Law.

(RIAA Fast Tracks, July 8, 1997)

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Internet

Washington, D.C.

The RIAA filed civil lawsuits in New York, Texas and California against three Internet music archive sites committing online piracy by reproducing and distributing their members' recordings without authorization. These sites were allowing users to download and, in some cases, upload full-length songs until temporary restraining orders were granted. The lawsuits set an important legal precedent. RIAA President Hilary Rosen told Variety, an entertainment industry publication: "As we embrace today's newest technology--the Internet--it's important to remember our values count, even in cyberspace."

What has brought the music issue to the forefront now is the availability of a new data-compression technology unofficially termed MPEG-3, or MP3. This allows the digital data in recorded music and other content to be compressed so that it can be downloaded quickly into computers and reproduced with high quality. Those who tested the three music sites being sued said that a full track could be downloaded in five minutes. The recordings are then stored on computer hard drives and can be played on the computer with user-friendly "player software," much of which is available at no charge on the Internet.

(RIAA Fast Tracks, June 24, 1997; Reuters/Variety, June 15, 1997 - Russell Blinch; The New York Times, June 16, 1997 - Andrew Ross Sorkin)

Lisbon, Portugal

Representatives of the music industry meeting in Lisbon said it was difficult to estimate how many people currently listen to music over the Internet, but all agreed that it would be a major medium in the near future. A recent study of the Internet by the consulting firm, Jupiter, indicated that approximately \$1.6 billion worth of recorded music would be sold online in the United States in 2002, up from \$18.2 million in 1996 and an expected \$47 million this year. The record industry executives were in Lisbon reviewing progress by more than 100 governments towards implementing two new copyright treaties for the digital era.

The treaties, signed at a World Intellectual Property Organization (WIPO) conference in Geneva last December, provide the legal framework for the music industry to invest and trade in the market for online delivery of recordings. IFPI Director Frances Moore said, "Our message in Lisbon is that the recording industry urgently needs investment security, and that governments should make ratification of the WIPO treaties a priority." (Reuters/Variety, June 26, 1997 - David Brough)

Los Angeles

High tech company, **Intersect**, recently introduced software that is capable of identifying sites on the web that use file formats such as RealAudio and MPEG Audio Layer 3. The information is filed in reports that disclose the source of the files, including domain names and Internet Service Providers, as well as what audio files were transmitted. Named MusicReport, the service uses a proprietary technology called Audio Video Scan. Intersect plans to market these reports to music publishers, distributors and anyone interested in stopping music piracy on the Internet.

(TechWire (entire article can be accessed directly at: <http://www.techweb.com/se/directlink.cgi?WIR1997060301>. - July 9, 1997 - Malcolm Maclachlan)

New York

N2K, a high tech music company, premiered an early prototype of technology that will allow the secure electronic distribution of music. Known as E mod--encoded music online delivery--the software represents a collaboration between New York based N2K and Redwood City, California-based Liquid Audio. E mod permits the secure download

and purchase of music over the Internet and incorporates digital watermarks to prevent illegal pirating of the music. Digital watermarks are inaudible frequencies containing copyright data that can be imperceptibly embedded in a piece of music so that it can be tracked.

(TechWire, June 23, 1997 - Clare Haney)

Internet Education Corner

To promote copyright education on the Internet, the RIAA contacted 12 U.S. universities with student-created websites. The universities were chosen after officials identified infringing sites that currently or previously resided on the university servers. Carnegie-Mellon and the University of Texas at Austin were among the first to respond and are interested in participating with the RIAA in an education program for their students.

(RIAA Fast Tracks, June 10, 1997)

Through the RIAA's CD Plant Education Program, over 5,000 pirated Notorious B.I.G. and Tupac Shakur compilation CDs were prevented from reaching the market earlier this year.

(RIAA Fast Tracks, June 10, 1997)

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