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# GrayZone

## Quarterly Digest

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## RIAA Files Over 500 New Lawsuits

The Recording Industry Assn. Of America (RIAA) has filed 532 more lawsuits against individuals accused of sharing copyright music via peer-to-peer networks. Announced on March 23, 2004, the latest wave of legal action comes on the heels of suits filed in January and February 2004, bringing the total number of suits filed to more than 1,500. Under the RIAA's new legal strategy, the recording industry is bypassing its former subpoena process and suing in an effort to obtain the personal information of alleged file swappers instead.

The latest round of suits includes 89 university network users, who are believed to engage in a higher level of online piracy. The suits were filed against individuals using university networks in Arizona, California, Colorado, Indiana, Maryland, Michigan, New York, Pennsylvania, Tennessee, Washington D.C., and Wisconsin. The remaining 443 suits targeted file sharers using commercial Internet service providers, according to the RIAA. Although the bulk of the new suits are not targeted at university network users, the RIAA's statement called attention to the 89 that are reserved for college peer-to-peer networks.

RIAA President Cary Sherman spoke on behalf of the association regarding the new wave of legal action:

"It's important for everyone to understand that 'no one is immune' from the consequences of sharing music files on P-to-P networks." Our campaign against illegal file sharers is not missing a beat. The message to illegal file sharers should be as clear as ever -- we can and will continue to bring lawsuits on a regular basis against those who illegally distribute copyrighted music."

Mitch Bainwol, RIAA chairman and CEO, said file swappers can no longer plead ignorance in the wake of the RIAA's strong enforcement efforts and the recent launch of legal music download sites:

"The debate isn't digital versus plastic. It isn't old versus new," Bainwol said in the RIAA's statement. "Here's what it is: Legitimate versus illegitimate. It's iTunes and the new Napster and others versus KaZaA, Imesh, and Grokster. It's whether or not digital music will be enjoyed in a fashion that supports the creative process or one that robs it of its future."

IDSNEWS.com, March 25, 2004 (Michael Zennie); <http://idsnews.com/story.php?id=22207>

IDG News Service, March 24, 2004 (Scarlet Pruitt); <http://yahoo.pcworld.com/yahoo/article/0.aid.115333.00.asp>

TechTV.com, March 23, 2004 (Steve Enders); <http://www.techtv.com/news/culture/story/0.24195.3650274.00.html>

RIAA.com, March 23, 2004; Read the press release: <http://www.riaa.com/news/newsletter/032304.asp>

[Top](#)**Artist's  
Corner****Metallica Launches Music Download Site**

In a continuing effort to beat bootleggers and provide their fans with the most innovative services, Metallica, along with technology partners CinemaNow.com and Nugs.net Enterprises, has launched a new website, [www.LiveMetallica.com](http://www.LiveMetallica.com). At the site, fans can download music from each performance of the band's North American "Madly In Anger With The World" tour that kicked off on March 2, 2004 in Phoenix, Arizona. Full concert audio is made available on the site within four days of the actual shows.

As part of this unique band-to-fan service, LiveMetallica.com will offer high quality, unedited soundboard recordings of all shows in standard MP3 and CD-quality FLAC files (Free Lossless Audio Codec: high-quality compressed audio files). All downloadable files are compatible with Windows, Mac and Unix, allowing for maximum flexibility and ease of use. Once downloaded, shows can be burned to disc, transferred to portable players, or played through a computer. Each show also comes with printable booklets, t ray inlays, and labels for fans that elect to burn the files to CD. The cost for each two-plus hour show is \$9.95 for MP3s and \$12.95 for higher-quality FLAC files.

Making this offer even more exciting is the fact that "The Madly In Anger With The World" tour features Metallica playing a greater variety of songs than they have in years, changing the set list each show and drawing from their deep 20-year, 10-album catalogue of rock classics.

Warner Music Group, March 02, 2004; <http://www.wmg.com/news/index.jsp?article=15300013>

Visit [LiveMetallica.com](http://LiveMetallica.com)

**Eminem Sues Apple Over iTunes Ad**

In February 2004, Eminem filed suit against Apple Computer on the grounds that the company improperly used one of the rapper's songs in a TV commercial. The ad in question, originally airing on MTV in July 2003, was one of the first ads launched for the iTunes Music Store, and featured a 10-year-old singing the song "Lose Yourself." Eminem's song-publishing company, Eight Mile Style, claims Apple used "Lose Yourself" in a campaign for its iTunes pay-per-download music software without permission. The 15- page lawsuit, filed February 20, 2004 in U.S. District Court in Detroit, claims that Apple CEO Steve Jobs phoned the manager of Eight Mile Style and asked Eminem to rethink his position, to which Eminem responded by ending talks with Apple. Included in the document was the following statement:

"Eminem has never nationally endorsed any commercial products and ... even if he were interested in endorsing a product, any endorsement deal would require a significant amount of money, possibly in excess of \$10 million."

MacNN.com, February 24, 2004; <http://www.macnn.com/news.php?id=23567>.  
Visit the artist's official site: [www.eminem.com](http://www.eminem.com)

**Rhino Reissues Classic Fleetwood Mac**

On March 23, Rhino Records released new expanded reissues of three classic Fleetwood Mac albums. The new reissues are full of unreleased demos and outtakes long sought after by fans of the band. The original sets -- 1975's self-titled album, 1977's "Rumours" and 1979's "Tusk" -- established the Mac as one of the most popular bands in the world. According to the RIAA, "Rumours" is the sixth-best selling album of all time--certified for U.S. shipments of 19 million copies.

The new version of "Rumours" includes a second disc of 18 previously unreleased tracks, such as demos for "Gold Dust Woman" and "Never Going Back." Fans looking for more

## Busts and Raids

precious Mac gems will be delighted to find 21 previously unreleased demos and outtakes packed into a second disc appended to the reissue of "Tusk."

These latest releases follow the recent trend of bands like Led Zeppelin and the Cure: Fans get the rarities they have only been able to scrounge up on low-quality bootleg recordings--now polished and remastered--while beating bootleggers and pirates at their own game.

Read about the release at the band's official site: [www.fleetwoodmac.com](http://www.fleetwoodmac.com)

Stevie-Nicks.Info, February 4, 2004 (Jonathan Cohen); [http://www.stevie-nicks.info/articles/syw/02\\_04\\_04\\_bb.html](http://www.stevie-nicks.info/articles/syw/02_04_04_bb.html)

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### U.S. Busts

Be sure to peruse the Recording Industry Association of America's (RIAA) monthly newsletter "RIAA Anti-Piracy Seizure Information," which covers numerous bootleg, piracy and counterfeit raids across the United States. Read about the recent busts at our website: <http://www.grayzone.com/usabusts.htm>

### NYPD, Queens District Attorney Bust Pirate CD Operation

One of the biggest piracy raids yet was conducted on March 26, 2004, resulting in thousands of seized pirated recordings and the arrest of six suspected CD pirates. Acting on a tip by private investigators for the record industry, undercover officers placed an order to the pirate plant in Queens, New York and arrived with a search warrant while the plant was making the discs.

New York City police who raided the home found 15,000 counterfeit recorded compact discs and blanks, along with equipment capable of producing up to 5,000 CDs an hour. Officials believe as many as 70,000 pirated CDs a week were coming out of the two-story, red brick house in the New York City borough of Queens. Also recovered were a large amount of counterfeit designer handbags and luggage as well as pornographic DVDs. The six suspects arrested, aged 19 to 29, were arraigned on charges carrying sentences of up to four years in prison.

Queens District Attorney Richard A. Brown said of the bust:

"A counterfeiting mill with a high-volume duplicating capacity like this factory is capable each year of fleecing the recording industry of millions of dollars in revenues, cheating artists out of substantial sums in lost royalties and ripping off honest consumers who are forced to pay higher prices for their listening entertainment. In addition, it deprives the City and State of much needed tax revenues. My Office will continue to work with the Police Department and recording industry to close down these illegal operations and prosecute those involved to the full extent of the law."

QueensDA.org, March 23, 2004; Read the press release: [http://www.queensda.org/Press\\_Releases/2004\\_Press\\_Releases/03-March/03-26-2004b.htm](http://www.queensda.org/Press_Releases/2004_Press_Releases/03-March/03-26-2004b.htm)

Reuters.com, Mar 27, 2004 (David Gregorio); <http://www.reuters.com/newsArticle.jhtml?type=domesticNews&storyID=4677504>

Read the RIAA press release: [www.grayzone.com/riaa32604.htm](http://www.grayzone.com/riaa32604.htm); Keep up on breaking news!: [www.grayzone.com/events.htm](http://www.grayzone.com/events.htm)

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## Worldwide Update

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### Australia

#### Piracy Fighters Raid Offices, Homes and ISPs

On February 6, 2004, a music industry group raided the Australian offices of peer-to-peer companies Sharman Networks and Brilliant Digital Entertainment. Also raided were the homes of key executives and several Internet service providers (ISPs). Music Industry Piracy Investigations (MIPI) obtained an order from Justice Murray Wilcox, and began raiding premises in Queensland, New South Wales and Victoria, searching for documents and electronic evidence to support its case against the peer-to-peer companies .

The 'Anton Pilar' order allows a copyright holder to enter into a premises to search for and seize material that breaches copyright, without alerting the target through court proceedings. In addition to their offices, MIPI raided the residences of Sharman Networks CEO Nikki Hemming, Brilliant Digital CEO Kevin Burmeister, and Phil Morle, director of technology at Sharman. Monash University, the University of Queensland and the University of New South Wales also were raided, as well as four ISPs including Te Istra.

MIPI general manager Michael Speck commented that the order was specifically intended to gather evidence about the operators of the Kazaa network. "This is not about individuals; this is about the big fish," Speck said. "This is a signal that Internet music piracy is finished in Australia."

CNET News.com, February 6, 2004 (James Pearce); [http://news.com.com/2100-1027\\_3-5154506.h](http://news.com.com/2100-1027_3-5154506.h)

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### Brazil

#### U.S. and Brazil Make Anti-Piracy a Joint Effort

Members of the Congressional Anti-Piracy Caucus and members of Brazil's House of Representatives signed a joint declaration on piracy during a lunch organized by the Motion Picture Assn. of America (MPAA), the RIAA and the Business Software Alliance. The declaration signed in the March 2004 meeting between the two nations' lawmakers is part of an ongoing effort to enforce strong anti-piracy copyright laws. MPAA Chairman and CEO Jack Valenti applauded the agreement, noting that Brazil is the motion picture industry's second largest market in Latin America. "We commend the members of the U.S. Anti-Piracy Caucus for standing arm-in-arm with their Brazilian counterparts and using their leadership to engage governments around the world to safeguard the rights of all copyright holders."

Yahoo! News, March 27, 2004 (Susan Crabtree); [http://news.yahoo.com/news?tmpl=story&u=/variety/20040328/va\\_ne\\_al/u\\_s\\_1](http://news.yahoo.com/news?tmpl=story&u=/variety/20040328/va_ne_al/u_s_1)

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### China

#### China Tries New Seals to Contain Counterfeits

On February 10, 2004, the Culture Ministry of China announced its latest effort to combat the rampant piracy of movies and music. Recognizing that buyers in China can't always tell the

difference between legitimate and pirated goods, authorities are planning new, high-tech identification seals for legal copies of audio and video products. In China, ID marks used thus far have done little to prevent the production and sales of pirated products. The new seals, made with a special "biologically engineered" printing ink and carrying 13 unique markings, will be used to help Chinese consumers and inspectors distinguish between illicit and legitimate products.

According to the seal developer, Beijing-based Orient Anti-Forgery Technology Co., each of the 13 markings will employ a different advanced technology, including "stealth" bar codes and handwritten Chinese characters. The old ID seals will be banned a year from now, said Chen Tong, division chief of the ministry's Audio and Video Products Department in Beijing. Will the new markings prevent piracy? "It's hard to tell," Chen said. "At least it will make faking markings and sales of pirated products more difficult because it will be easier to tell which products are unlicensed."

SiliconValley.com, February 10, 2004 (Associated Press);  
[http://www.siliconvalley.com/mld/siliconvalley/business/special\\_packages/security/7918904.htm](http://www.siliconvalley.com/mld/siliconvalley/business/special_packages/security/7918904.htm)

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## Germany

### Massive Anti-Piracy Raids in Germany

A two-year investigation in Germany has led to several arrests and the seizure of over 38 terabytes of pirated software and film. According to the German Federation Against Copyright Theft (GVU), 800 buildings were raided in Hamburg, München, Bochum, Frankfurt, Cologne and Bremen. According to the GVU, over 200 computers and 40,000 CDs were seized as well as 19 servers used to host the pirated products. A gang from the Ruhr district, accused of supplying dealers with the latest films and software on VCDs and DVDs, was broken up following the raids. The damage to the entertainment and software industries due to the piracy ring was estimated to be in tens of millions of euros.

The Age, March 19, 2004 (Sam Varghese); <http://www.theage.com.au/articles/2004/03/19/1079199414366.html>

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## Russia

### IFPI Russia Piracy Fight Heats Up

In an ongoing campaign against Russian piracy, IFPI has launched a million-dollar compensation case against a key producer of pirated CDs. Roff Technologies, an optical disc manufacturer in Moscow has been accused of producing unlicensed pirated copies of top international artists, including Christina Aguilera, Justin Timberlake and U2. The case filed against Roff Technologies marks the second major set of claims against a Russian CD plant since IFPI announced an offensive targeting of Russia's lucrative trade of pirated material. IFPI claims that the number of CD plants in Russia has doubled in the past three years, and that pirate sales now outnumber legitimate sales. IFPI also claims to hold evidence that pirated products are now being exported to at least 26 countries, making Russia one of the key sources of mass-produced pirated product in the world.

The Hollywood Reporter, March 12, 2004 (Nick Holdsworth);  
[http://www.hollywoodreporter.com/thr/international/brief\\_display.jsp?vnu\\_content\\_id=1000461496](http://www.hollywoodreporter.com/thr/international/brief_display.jsp?vnu_content_id=1000461496)

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### British Music Industry Fights Pirates

## United Kingdom

The British Phonographic Industry (BPI) has recently announced that file-sharers could face court action if they continue their illegal practices. The organization points out that illegal file-sharing is outlawed under the 1988 Copyright, Designs and Patents Act. This latest March 25, 2004 announcement came just days after the RIAA filed more than 500 lawsuits against individual file swappers believed to be illegally trading music online.

Like the RIAA, the BPI's anti-piracy campaign targets users of peer-to-peer networks such as Kazaa, which allow users to search the Internet for music files and download them onto their computer. BPI spokesperson, Matt Phillips said the industry association is currently in the warning stage of the anti-piracy campaign and legal tactics have yet to be hammered out. Phillips added, "There is a common misperception that even if you buy music online, it is yours. But if you offer to distribute that music, it is against the law."

IDG News Service, March 26, 2004 (Scarlet Pruitt); <http://yahoo.pcworld.com/yahoo/article/0.aid.115395.00.asp>

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## Legal Beagle

### File Swapping Fight Goes Global

On March 30, 2004, the International Federation of the Phonographic Industry (IFPI) filed the first wave of international lawsuits charging individuals with illegally file-sharing copyrighted music. Along with the recording industry associations of Denmark, Germany, Italy and Canada, IFPI has announced that 247 alleged illegal file-sharers will face legal action, with more suits against major offenders around the globe to follow in the coming months.

The legal actions, following similar successful actions in United States, charge the individuals with illegally uploading hundreds of music tracks for copying, transmission and distribution via file-sharing services. Chairman and CEO of IFPI, Jay Berman, commented on the significance of the international legal action:

"We have made it clear that file-sharing without the permission of the copyright holder is illegal, that it amounts to 'file-stealing,' and that it affect jobs and livelihoods across the whole industry. Ultimately, though, we have learned that education alone is not sufficient, and that some people persist because, like shoplifters, they think they can 'get away with it.' So we have decided that only the prospect of legal action is going to make those people rethink what they are doing. "Today we are making it clear that we are totally prepared to enforce the law, and we will start actions against those people who are breaking it by uploading hundreds of music files on to the Internet. We will not stand by while thousands of people involved in the creation of music see their careers and livelihoods destroyed. The message is that people are at a real risk of being sued or prosecuted if they continue to rip off those who make music."

Other countries have stepped up their 'warning' campaigns against illegal file-sharers, including Sweden, where an instant messaging campaign to users of peer-to-peer networks has been launched. This action follows a similar announcement by the U.K. on March 25, 2004 regarding action against file-swappers.

IFPI.org, March 30, 2004; Read the press release: <http://www.ifpi.org/site-content/press/20040330.html>

### House Taking Aim with Camcorder Crackdown

In a continued effort to crack down on piracy, lawmakers in Washington have proposed new legislation aimed at throwing a wrench into the plans of movie pirates. By adding new language to a broader anti-piracy bill, Reps. Howard Berman (D-California) and Lamar Smith (R-Texas) plan to make it illegal to use a camcorder to record a film in a movie theater. Berman and Smith have offered the camcorder language to the Piracy Deterrence Act: Legislation that would expand the scope of the Dept. of Justice's criminal powers to go after large-scale online file-swappers. The Smith-Berman amendment aims to satisfy a top priority

of the Motion Picture Assn. of America (MPAA), which maintains that in nine out of 10 cases, movies that show up within days of their theatrical releases are from copies made by a camcorder. Under the Smith-Berman bill, films in theaters are considered 'pre-release' if they have not been officially released on video. This 'pre-release' piracy carries a sentence of up to five years in prison, and up to 10 years for a second offense. In the past two years, lobbyists for the MPAA have succeeded in passing legislation banning camcorder use in theaters in California, New York, Ohio, Pennsylvania, Wisconsin and Washington, D.C.

Yahoo! News, March 29, 2004 (Susan Crabtree); [http://news.yahoo.com/news?tmpl=story&u=/variety/20040330/va\\_fi\\_ne/house\\_taking\\_aim\\_with\\_camcorder\\_1](http://news.yahoo.com/news?tmpl=story&u=/variety/20040330/va_fi_ne/house_taking_aim_with_camcorder_1)

## Piracy Extradition Case Rejected

An Australian Magistrate has rejected an application to extradite an Australian man that U.S. authorities alleged headed an Internet piracy syndicate. Hew Raymond Griffiths, 41, of Berkeley Vale on Australia's New South Wales Central Coast, was indicted by a grand jury in the state of Virginia last year with one count of criminal copyright infringement and one count of conspiracy to commit criminal copyright infringement. The U.S. indictment alleged he was the leader of "Drink or Die," a high-profile piracy ring founded in Russia in the 1990s, and later headquartered in the U.S. The indictment alleged Mr. Griffiths controlled access to a 'drop site' for pirated software at the Massachusetts Institute of Technology (MIT) computer network. Authorities allege the group often received software weeks ahead of its official release at the MIT site, cracked the copyright protection and distributed it.

Downing Centre Local Court Magistrate Daniel Reiss said he was not persuaded that the Commonwealth Director of Public Prosecutions, acting on behalf of U.S. authorities, had mounted a case for extradition. Reiss emphasized that the offenses were alleged to have occurred in Australia, and that Mr. Griffiths had never traveled to the U.S., and thus had "never been a fugitive fleeing or hiding from the extradition country." In his judgment, Magistrate Daniel Reiss stressed the need for Australian Parliament to update extradition laws to take account for new technologies.

Australian IT, March 25, 2004 (Simon Hayes); <http://australianit.news.com.au/articles/0,7204,9071448%5e15331%5e%5enbv%5e15306-15319,00>

## New Lawsuits Waiting to Happen? Here's Just a Sample of Active File-Swapping Sites...

Aimster, Apple Soup, AudioGnome, Amster, Bodetella, BitchX, BeNapster, Clip2, Direct Connect, Espira, FreeNet, Filetopia, File Navigator, FreeBase, Furi, Gnutella, Gnutella, gnutella hosts, reflecto, limewire, bearshare, freepeers, Gnucleus, Gnotella, Gnutallica, Gnute, Gnewtella, Gnapster, Gtk-Gnutella, Gnumm, Gnarly!, Gnut, Gnut - console, Hagelslag, JNapster, Knapster, Metallicster, Mactella, MyGnut, MyTella, MojoNation, Naphoria, Napigator, NapAmp, N-Tella, NapSack, OpenNap, OnShare, Ohaha, P2P Italia, P 2P work group, P2P News, Pynap, RomNet, Rapster, Snap, SnoopStar, Swaptor, Tellaseek, Toad Node, Teknap, Trademail, UMX, WebNap, Wired/P2P, Zeropaid.Com

## Quick Bits and Bytes

### Pirate DVD Seller Sent to Jail

Matthew Rogers of Leicester, U.K. has been given a total of nine months in jail after he was caught running an illegal DVD business from his home. The thirty-one year-old man made over £18,000 from selling illegally copied DVDs, CDs and computer games. When Trading Standards officers raided his house in November 2002, they found a catalogue of over 4,000 items. Rodgers, who had been convicted of 15 prior offenses under the video recording and trademark acts, took orders over the internet, produced the DVD copies in his bedroom, then sent them out to buyers.

His defense said the operation originally started with him copying items for family and friends

but then grew. The entire catalogue compiled by Rodgers' illegitimate business has been ordered to be destroyed. Trading Standards officers said that the case brings a developing problem to light: advancements in technology have allowed piracy to reach a new scale. The officers noted that a pirated DVD could be produced on readily available equipment in less than 30 minutes.

BBC NEWS March 19, 2004; <http://news.bbc.co.uk/1/hi/england/leicestershire/3551663.stm>

## **U.S. Plots China Piracy Move**

The U.S. is considering action against China unless the country cracks down on counterfeiting and piracy. The threat follows Washington's recent complaint to the World Trade Organization over the Asian nation's chip industry. In a budget hearing at the U.S. House of Representatives, Robert Zoellick, the U.S. Trade Representative, reportedly said that many U.S. companies might be reluctant to complain to Beijing directly for fear of causing problems for their own operations in China. The Federal government is not so shy, he said, and is unwilling to let China "off the hook". Chinese counterfeiters are believed to have ripped off everything from software to movies to technology designs.

Computer Business Review Online, March 26, 2004; <http://www.cbronline.com/todaysnews/e15d7b16aaa692c580256e6300385745>

## **University of Rochester, Napster to Provide Online Music to Students**

The University of Rochester has become the first private university in the nation to sign a digital music agreement with Napster. Beginning this semester, the university will offer access to Napster's Premium Service, allowing Rochester students to stream and locally download an unlimited amount of music from Napster's digital library of over 500,000 tracks. Students will also gain access to over 50 fully interactive radio stations, videos on demand, decades of Billboard charts, an online magazine (Fuzz) and additional community features like the ability to peer into other members' collections and send tracks to friends. Permanent downloads—to burn to CDs or transfer to any of 60 portable music devices—can be purchased for 99 cents each or \$9.95 for an album.

The university, who also plans to offer the service to faculty and staff at a discounted rate, will fund the monthly fees for the Premium Service. "Based on the success and popularity of Napster's groundbreaking program with Pennsylvania State University, a public institution, many schools have since sought to institute similar programs with us," said Napster's senior vice president of business development, Larry Linietsky. "We are thrilled that the University of Rochester will become our first private school partner and we look forward to a successful roll-out with them as well as other institutions down the road."

Read the press release: University of Rochester, February 4, 2004; <http://www.rochester.edu/news/show.php?id=1684>

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