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October 24, 2014

Susan F. Wilson  
Director for Intellectual Property and Innovation  
Office of the U.S. Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, D.C. 20508

Re: Request for public comment on  
the 2014 Special 301 Out of Cycle  
Review of Notorious Markets.  
Docket No. USTR-2014-0017

Dear Ms. Wilson:

The Motion Picture Association of America submits the following response to the request for written submissions issued September 26, 2014, by the Office of the U.S. 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 1.9 million jobs and \$111 billion in total wages in 2012. Over 293,000 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. These are high quality jobs, with an average salary of \$86,500, 76 percent higher than the average salary nationwide.

Another nearly 360,000 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, hardware and lumber suppliers, and retailers.

Notably, our industry is also a nationwide network of small businesses: more than 99,000 businesses in total, located in every state in the country. These are mainly small businesses; 85 percent employ fewer than 10 people.

The American motion picture and television production industry remains one of the most highly competitive in the world. In 2012, the enduring value and global appeal of U.S. entertainment earned \$16.2 billion in audiovisual services exports, up 11 percent over 2011. Moreover, this industry is one of the few that consistently generates a positive balance of trade. In 2012, that services trade surplus was \$13.6 billion, or six percent of the total U.S. private-sector trade surplus in services. The industry exported six times what it imported in 2012.

The industry distributes its films and TV shows to over 140 countries and with approximately 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. This is particularly true online, as movies and television shows are available to watch through more than 400 legitimate digital services worldwide. MPAA greatly appreciates USTR's interest in identifying notorious markets that jeopardize the growth of these vibrant online markets (and their physical counterparts), threaten legitimate commerce, 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 that offer a significant volume of infringing film and television content, consistent with USTR's request for "examples of Internet and physical notorious markets, including foreign trade zones that allegedly facilitate substantial trademark counterfeiting and copyright piracy."

This list should not be understood to be comprehensive. It does, however, indicate the scope and scale of global content theft and some of the ongoing challenges rights holders face in protecting their intellectual property. The list also discusses several forms of content theft which seriously impact the ability of the U.S. motion picture and television industry to compete successfully overseas, underscoring the need for a focused, strategic U.S. policy.

In the U.S. and around the world, the motion picture and television industry is a community of creators, innovators, and visionaries who work tirelessly at the art and craft of storytelling. Today, audiences across the globe have access to more of this content than ever before through technologies unheard of just a few years ago. Creators are inspired to continue creating when they know that others cannot simply steal their content and profits. That proposition is at the heart of our interest in deterring copyright theft. While there is no single solution, we all have a role to play in underscoring the importance – and wide, growing availability – of legitimate sources of content, and in seeking ways to reduce harmful and illegal activity both online and offline. MPAA continues to develop global consumer resources, such as [wheretowatch.org](http://wheretowatch.org), to help audiences learn more about legitimate sources of content and to protect creators and consumers alike.

While the content industry continues to innovate to offer audiences more options to consume the movies and television shows they want, unfortunately the criminals who offer goods and services through these notorious markets also continue to evolve. The MPAA continues to work with global partners against criminal organizations and activities in an effort to protect consumers not only from the dangers of illicit audiovisual goods and services, but other potential threats, such as malware. USTR's efforts to shine a light on the most egregious instances of copyright theft around the world is an essential step in fostering creativity and innovation, not only in the film and

television industry but throughout the creative economy.

## **I. Online Notorious Markets**

While the legitimate digital marketplace for creative content is flourishing – there have never been more ways to watch film and television online – unfortunately, online content theft poses a significant and ever-evolving challenge. Content thieves are taking advantage of a wide constellation of easy-to-use, consumer-friendly online technologies such as direct download and streaming cyberlockers, which, in turn, have given rise to a lucrative form of secondary infringement on the part of “linking sites” that index stolen movie and television content hosted on other sites. Today’s modes of illegal distribution also include peer-to-peer technologies such as BitTorrent, apps, and other software or services designed to access to infringing content. In addition, online enforcement efforts are often further complicated when intermediaries that deal with infringing sites do not take adequate steps to ensure their services are not being used to facilitate copyright infringement, a problem compounded by the fact that some of the operators of the linking sites and hosting platforms (cyberlockers) operate anonymously and outside the boundaries of the law. All stakeholders in the Internet ecosystem – including hosting providers, advertising networks, payment processors, and search engines – should be actively seeking to reduce support for notoriously infringing sites such as those we have nominated in these comments, especially through voluntary initiatives aimed at combating online content theft in a balanced and responsible manner.

The online markets listed and discussed below were identified based on USTR’s request for “examples of Internet and physical notorious markets, including foreign trade zones that allegedly facilitate substantial trademark counterfeiting and copyright piracy.” The list is not intended to be comprehensive but, rather, reflects an attempt to identify sites particularly illustrative of the nature and scope of the problem, consistent with the USTR’s stated objective.

When possible, we have attempted to provide the specific information requested in the NOI, including popularity rankings from Alexa<sup>1</sup> and site traffic data from comScore<sup>2</sup>, as well as information on revenue sources and volume and enforcement activity, among other details. In most instances, criminal enterprises work to obfuscate identifying information such as location, and can hide behind anonymizer services with ease. With this in mind, with regard to online markets, MPAA has aimed to identify each site’s predominant location determined by a number of factors including server location, host location and domain registrant location, recognizing that frequently these may be different, and underscoring the need for cross-border law enforcement cooperation.

It is important to note that websites that traffic in infringing movies, television shows, and other copyrighted content do not harm only the rights holder. Malicious software or malware, which puts Internet users at risk of identity theft, fraud, and other ills, is increasingly becoming a source

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<sup>1</sup> 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 76<sup>th</sup>. See <http://www.alexa.com/> for more information.

<sup>2</sup> comScore site traffic data represents worldwide unique visitors for the last available month and is developed from panels which include Internet users ages 15+ at work and at home. See <http://www.comscore.com/> for more information.

of revenue for pirate sites. A study recently conducted by MediaLink LLC for NetNames<sup>3</sup> evaluating the appearance of advertising on infringing websites found that ads containing software or malware downloads “were extremely common, appearing on 60% of the large sites” MediaLink reviewed. These downloads “are often hidden behind download buttons, or are presented via links or popups promoting a plug-in the user supposedly needs to view content, or as an update to legitimate software. The actual downloads often contain malware.” Such risks jeopardize legitimate e-commerce and consumers.

**Direct Download and Streaming Cyberlockers:** Direct download and streaming cyberlockers are websites that provide centralized hosting for infringing content which can be downloaded and/or streamed by the public. The distribution process is simple: a user uploads an infringing file; the cyberlocker gives the user a link for accessing the file; the user posts the link on a linking site (or several); the linking site categorizes the link so that it will be searchable; a member of the public visits the linking site, finds the link, and clicks on it to obtain access to the 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 common for links to illegal copies of movies and television to be widely disseminated across the Internet, not just via linking sites, but also via social media platforms, forums, blogs and/or email.

To make enforcement more difficult, download cyberlockers frequently provide several unique links to the same file. If a content owner sends an infringement notice for one of the links, the others may remain up, enabling continued infringement. Indeed, many cyberlocker sites, including Nowvideo.sx and sites included in the Movshare group, do not respond at all to takedown notices sent from copyright owners.

According to a recent report released by NetNames and Digital Citizens Alliance,<sup>4</sup> “[u]nlike legitimate cloud storage services whose clients are people and businesses that need to store, access, and share data, the cyberlocker business model is based on attracting customers who desire anonymously to download and/or stream popular, copyright infringing files that others have posted.” NetNames found that the 30 direct download and streaming cyberlockers it analyzed took in close to \$100 million in total annual revenue and generated average profit margins of 63-88% from a mix of advertising and subscription services. “The overwhelming use” of these cyberlockers was to facilitate content theft.

A positive development for rights holders in the cyberlocker landscape came in August 2013, when the U.S. District Court for the Southern District of Florida found Hotfile, one of the world’s most trafficked cyberlockers, liable for copyright infringement and ordered the site either to implement filtering technology or to shut down, while awarding \$80 million in damages to the content owners. In Korea, the Webhard Registration Act (webhards are Korean

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<sup>3</sup> Digital Citizens Alliance, “Good Money Gone Bad: Digital Thieves and the Hijacking of the Online Ad Business,” February 2014. Available online at: <http://media.digitalcitizensactionalliance.org/314A5A5A9ABBBBC5E3BD824CF47C46EF4B9D3A76/4af7db7f-03e7-49cb-aeb8-ad0671a4e1c7.pdf>.

<sup>4</sup> NetNames, “Behind The Cyberlocker Door: A Report on How Shadowy Cyberlocker Businesses Use Credit Card Companies to Make Millions,” September 2014. Available online at: <http://www.digitalcitizensalliance.org/cac/alliance/content.aspx?page=cyberlockers>.

analogues to cyberlockers) has, since its passage in 2011, resulted in the shut-down of many infringing webhards, and a steady decrease in the number of registered webhards.

The cyberlockers listed below include examples of both direct download and streaming models. By making vast amounts of infringing premium content available to the public free of charge, these sites attract huge amounts of traffic.

- **VK.com** – Russia. VKontakte, or VK.com, is the leading social networking site in Russia and Russian speaking territories and a hotbed of illegal distribution of movie, television and music files. The site’s content is popular, searching for content and then downloading it is easy, and the site supports streaming playback through embedded video players. The site is available worldwide in multiple languages, including English, and is easily one of the most visited sites in the world, with a global Alexa ranking of 23 and a local ranking of 2 in Russia. Internet service providers (ISPs) in Italy were ordered by the court of Rome to block VK.com in November 2013. VK.com had 92,640,125 unique visitors in August 2014, which was an 8% increase compared to August 2013, according to comScore World Wide data. The site operates on corporate-owned servers in Russia.
- **Uploaded.net** – Netherlands. Uploaded.net is a direct download cyberlocker 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, as well as a percentage of premium account sales referred by the user. The popular site also has a global Alexa rank of 381 and a local ranking of 986 in the U.S. NetNames’ September 2014 report on cyberlockers<sup>5</sup> found that Uploaded generates annual revenue of about \$6.6 million, largely through premium accounts but also in part through advertising. Users who upload files are rewarded up to approximately \$40 for every 1,000 downloads; for every initial purchase of a premium membership, the user making the referral is paid 75% of the sale. Additional renewals of the premium membership earn the user making the referral 65% of the sale. Download speeds are throttled for users who do not purchase the \$88.99 annual premium membership. Following the Megaupload.com takedown, Uploaded.net 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 content theft and release groups. The site operator switched TLD’s to “.NET” in 2013 and began redirecting traffic from the “.TO” to the new domain name. The website operates through multiple redundant domains that include Uploaded.to and Ul.to. ISPs in Italy were ordered by the Court of Rome to block Uploaded.net in April 2012. In addition, ISPs in India were ordered by the Delhi High Court to block Uploaded.net, Uploaded.to and Ul.to in July 2014. Uploaded.net had 16,644,759 unique visitors in August 2014 according to comScore World Wide data, and is hosted at Eweka Internet Services B.v. in the Netherlands.
- **Rapidgator.net** – Russia. Rapidgator.net has sustained its popularity during 2014. The site has a global Alexa ranking of 611, and a local ranking of 1,066 in the U.S. Rapidgator.net had 11,856,500 unique visitors in August 2014 according to comScore World Wide data, and offers monetary rewards, which encourage uploaders to distribute popular content such as copyrighted

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<sup>5</sup> Ibid.

movies and television programs as widely as possible. Users who upload files are rewarded up to approximately \$40 for every 1,000 downloads and for every initial purchase of a premium membership, the user making the referral is paid 50% of the sale. Premium subscription plans are available for \$12.99 a month, allowing users to avoid throttled download speeds and data-download limits. According to NetNames's "Behind the Cyberlocker Door" report,<sup>6</sup> Rapidgator.net generated approximately \$3.7 million in annual revenue, most of which comes from premium accounts. ISPs in Italy were ordered by the Court of Rome to block Rapidgator.net in April 2013. RapidGator.net is hosted by Netvillage Network in Russia.

- **Firedrive.com** – New Zealand. Launched at the end of 2010 as Putlocker.com, this site had quickly risen to become one of the most visited streaming cyberlockers worldwide and re-launched as Firedrive.com in February 2014. Although it has received fewer visitors than its previous Putlocker.com domain, the site has achieved a global Alexa rank of 648, and a local rank of 1,448 in the U.S. Firedrive.com had 6,609,391 unique visitors in August 2014 according to comScore World Wide data. Firedrive offers "premium accounts" that enable users to download or stream content without the distraction of advertisements with unlimited amounts of storage. This site is somewhat unique in that it offers both streaming and downloading of significantly large video files – upwards of five gigabytes in size. Files found on Firedrive use piracy naming conventions that designate the quality of the infringing file and the release group responsible for making it available. Alexa.com has identified about 7,503 websites linking to Firedrive, continuing to suggest that Firedrive is one of the most popular sources of content for linking sites. Firedrive also operates popular cyberlocker Sockshare.com (global Alexa rank of 1,487), which shares a similar user interface. According to NetNames's "Behind the Cyberlocker Door" report, Putlocker generated approximately \$5 million in annual revenue, most of which comes from advertising.<sup>7</sup> NetNames also reported that Putlocker generated additional revenue by offering users the option to install a "download manager" purported to reduce downloading times; notably, NetNames found that "installation of the PutLocker Downloader included the installation of third-party programs for which PutLocker receives a fee: a browser plugin named 'SecretSauce'; a browser toolbar named 'Imminent'; a chat client; and a replacement browser. Most users would not notice that these programs were included in the installation process of the Downloader." Putlocker.com was blocked in Malaysia in May 2011, and ISPs in Italy were ordered by the Court of Rome to block Firedrive.com and Putlocker.com in July 2014. Firedrive.com is currently hosted by Tanker International Limited in New Zealand. As of September, the site appears to have lost functionality and users are currently unable to access links to uploaded movie and TV content. However, if Firedrive.com comes back online, it would likely continue to serve as a major global source of infringing content.
- **Nowvideo.sx and the "Movshare Group"** – Panama/Switzerland/Netherlands. Nowvideo.sx, formerly Nowvideo.eu, is one of the top streaming cyberlocker sites worldwide that offers its uploaders one of the most generous rewards programs of about \$20 USD per 1,000 downloads. Nowvideo.sx had 8,115,934 unique visitors in August 2014 according to comScore World Wide data. The site also has a global Alexa rank of 1,630 and a local rank of 1,586 in the U.S. Notably, Nowvideo.sx belongs to a family of problematic sites, which includes cyberlockers

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<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

such as the popular Movshare.net, Novamov.com, Videoweed.es, Nowdownload.ch, Divxstage.to, linking sites such as Watchseries.lt (nominated separately below), and forums, all under the same operators. Nowvideo.sx is hosted in multiple locations by both Private Layer in Switzerland and Felicity Netbrella Corporation in the Netherlands. Furthermore, unlike other major cyberlockers, Nowvideo.sx and other hosting platforms from the “Movshare Group” systematically refuse to comply with takedown notices. Right holders have therefore no way to have infringing files removed from these platforms, which explains why they are becoming more and more popular. Both the Court of Rome and Delhi High Court have ordered ISPs in Italy and India to block various Nowvideo and Movshare sites in 2013 and 2014.

- **Netload.in** – Germany. Netload.in is a direct download cyberlocker available to users in ten languages. The site has a global Alexa rank of 9,141, and a local rank of 3,959 in Germany and 35,322 in the U.S. Netload.in had 49,558 unique visitors in August 2014 according to comScore World Wide data. Netload collects revenue via a \$64.99 “annual premium membership” which offers faster upload and download speed, no advertising, and simultaneous downloads. As an incentive to purchase premium memberships, non-member users see their download speeds throttled and files automatically purged after 30-days of inactivity. Netload.in is hosted at Link11 GmbH in Germany.

**Peer-to-Peer Networks & BitTorrent Portals:** Users of Peer-to-peer (P2P) or file-sharing networks use software that allows them to join “swarms” of other users who are sharing a particular title (movie, TV show, book). As each user downloads pieces of the file, his/her computer shares the pieces with others in the swarm. The most popular P2P software is “BitTorrent”. BitTorrent websites facilitate file sharing by organizing and indexing torrent files, and initiating and managing the download process. The BitTorrent landscape remains quite popular, serving millions of torrents to tens of millions of users at any given time.

In a positive development in the peer-to-peer space, QVOD, or “kuaibo.com,” a P2P protocol and application that was widely used by Chinese rogue linking sites to distribute infringing copies of copyrighted movies and television shows, shut down earlier this year after it was found to have infringed copyright. A Chinese local law enforcement agency ordered QVOD to pay a fine of RMB260 million (USD41.6 million), the largest in China on the basis of copyright infringement.

Baidu has again not been included on MPAA’s notorious online markets list despite concern about growing levels of infringement on its Baidu Pan service. Rights holders are hopeful that ongoing constructive discussions will result in technical solutions being expeditiously agreed upon and implemented to prevent the cyberlocker service from being used to store and disseminate infringing content.

The sites identified in this year’s filing were identified in part because of their high-quality, recently-released content and because, in some cases, they coordinate the actual upload and download of that content.

- **Kickass.to** – Several locations. This website facilitates the distribution of infringing copies of movies, TV shows, music files, apps, videogames and books. The site claims to provide access to

10,000 torrents for each of the preceding file categories. Nearly every movie torrent is described in terms that, by definition, denote infringement (e.g., BRRip, CAM, DVDrip, DVDScr, TS). The site has steadily increased in popularity since 2009. Kickass.to has a global Alexa rank of 73, and a U.S. rank of 97. 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 in 2011. In 2013, following a temporary domain seizure by the Philippines government, the site switched to the domain Ka.tt, which was soon thereafter deactivated by the ccTLD registrar for violating the copyright infringement terms of service. The domain then transitioned again to Kickass.to. The site monetizes its illegal conduct by selling advertising space throughout the site, including adjacent to posts of torrents relating to infringing content. Kickass.to and Kat.ph have been the subject of blocking orders in the United Kingdom, Italy, Belgium, Ireland, and Malaysia. Kickass.to had 49,787,252 unique visitors in August 2014 according to comScore World Wide data. The site is simultaneously hosted in different locations around the world by the following companies: Netelligent Hosting in Canada, Online SAS in France, Dediserv in Germany, SoloGigabit in Spain, Voxility in Romania, SoftLayer in Singapore, Black Lotus Communications in Brazil, Sweden Dedicated/Portlane in Sweden, and RN Data in Latvia. Other related websites include Kat.sx, Kat.tw, and Kastatic.com.

- **Thepiratebay.se** – Sweden. Thepiratebay.se (TPB) claims to be the largest BitTorrent website on the Internet with a global Alexa rank of 91, and a local rank of 72 in the U.S. Available in 35 languages, this website serves a wide audience with upwards of 43.5 million peers. TPB had 40,551,220 unique visitors in August 2014 according to comScore World Wide data. Traffic arrives on this website through multiple changing ccTLD domains and over 90 proxy websites that assist TPB to circumvent site blocking actions. 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. This judgment has since been affirmed by Sweden’s Supreme Court. In 2012, one of the site’s co-founders was found guilty on hacking charges in Sweden after his extradition from Cambodia. He was then extradited to Denmark and sentenced for similar charges in 2013. In addition, another operator was captured in 2014 in Sweden. 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, Denmark, Finland, Ireland, Italy, Malaysia, and UK. TPB promoted its tenth year as an index website by releasing the PirateBrowser, a self-contained portable web browser with preset bookmarks to BitTorrent websites hosted on the TOR network. The website has been reported to have multiple alternative domains hosted in various countries around the world.
- **Torrentz.eu** – Germany/Luxembourg. One of the oldest and most popular BitTorrent websites on the Internet, Torrentz.eu has been in operation for ten years. The site has a global Alexa rank of 174, and a U.S. rank of 423. The site currently claims to offer 29 million active files via 31 major BitTorrent websites that include Thepiratebay.se, extratorrent.cc and Kickass.to. 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 hardened configuration. The website transitioned to the .EU domain following the U.S. Department of Homeland Security seizure of multiple domains; it has been the subject of blocking orders in the United Kingdom (2013) and Malaysia (2014).



Torrentz.eu had 32,708,569 unique visitors in August 2014 according to comScore World Wide data. It is currently hosted through Velia.net in Germany and Root Sa in Luxembourg.

- **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 13.9 million registered users and 1.5 million active torrents. It is one of the world’s most visited websites with a global Alexa ranking of 331, and a local rank of 18 in Russia. Rutracker.org had 9,353,099 unique visitors in August 2014 according to comScore World Wide data. The site is hosted in by Dreamtorrent Corp. in Russia.
- **Yts.re** – Several locations. Yts.re is a torrent website owned and operated by one of the largest release groups in the world, YTS (previously YIFY). The site has a global Alexa rank of 767 and a local rank of 1,168 in the U.S. Yts.re had 3,502,824 unique visitors in August 2014 according to comScore World Wide data. It facilitates the downloading of free copies of popular movies, and currently lists more than 5,000 high-quality movie torrents available to download for free. Additionally, the content on Yts.re supports desktop torrent streaming application “Popcorn Time,” which has an install base of 1.4 million devices and more than 100,000 active users in the United States alone. Yts.re rebranded from its original domain, Yify-torrents.com, after it was announced in January 2014 that their leader, “Yify,” was retiring. Yify-torrents.com (and its alternate ccTLD sites) was blocked by the six largest ISPs in the United Kingdom in 2013 following a High Court decision. The Malaysian Government also took action to block Yify-torrents.com after a referral from rights holders in 2014. Yts.re utilizes at least 11 different IP addresses in an effort to evade enforcement.
- **Extratorrent.cc** – Ukraine. Extratorrent.cc is a highly popular BitTorrent indexing website. The site has a global Alexa rank of 335 and a rank of 967 in the U.S. Extratorrent.cc had 9,840,262 unique visitors in August 2014 according to comScore World Wide data. Extratorrent.cc claims astonishing piracy statistics: offering almost 1.4 million free files with sharing optimized through over 43 million seeders and more than 60 million leechers. Extratorrent.com has been the subject of blocking orders in the United Kingdom, Italy, and Belgium. Extratorrent.cc is currently hosted by Server.ua in the Ukraine.
- **Xunlei.com** – China. Hosted in China by China Unicom with a global Alexa ranking of 1,385 and a local rank of 128 in 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. It also offers a “VIP Offline” service for a monthly fee. However, infringing content can be found with this service, which is downloaded by Xunlei from an external source and stored to its servers for on demand viewing. Despite executing a comprehensive content protection agreement with MPA earlier this year, there is no evidence that Xunlei has fulfilled its obligations and wide levels of infringement are still evident.

Linking Websites: Linking sites aggregate, organize and index links to free content stored on other sites. Linking sites that link to movies and TV shows, typically organize posts by title, genre, season and episode, and often use the official cover art to represent the content. The sites

then provide one or more active links so users can access the infringing content. Depending on the website, users are commonly presented with the options of either streaming the content in a video-on-demand format or downloading a permanent copy to their computer. Many streaming linking sites also embed video players from cyberlockers, reducing the number of clicks needed to get to content for a more seamless user experience.

In a notable development in this space, Seriesyonkis.com, a popular linking site listed in the 2013 Out-of-Cycle Review of Notorious Markets, does not link to infringing film and TV content as of February 2014. This has been perceived as an attempt by the site to soften a yet-to-come verdict in ongoing criminal proceedings launched against Seriesyonkis.com in 2008.

- **Free-tv-video-online.me** – Canada. Free-tv-video-online.me, formerly known as Projectfree.tv, is one of the most popular websites for those wishing to link to illicit copies of first run motion picture and television content. The website has a global Alexa rank of 704 and a rank of 330 in the U.S. Free-tv-video-online.me had 5,564,759 unique visitors in August 2014 according to comScore World Wide data. The original operator was successfully sued civilly and subsequently sold the site to the current non-compliant operator, who added the .ME domain to avoid domain name seizure. Projectfree.tv was also the subject of a blocking order in the UK in 2013. The website is currently hosted by Netelligent in Canada.
- **Movie4k.to** – Romania. Movie4k.to, formerly Movie2k.to, is a popular streaming linking site with a current global Alexa rank of 711 and a rank of 872 in the U.S. Movie4k.to had 11,038,451 unique visitors in August 2014, which was a 46% increase compared to August 2013, according to comScore World Wide data. The site boasts: “We are one of the biggest internet movie websites today with free movies from years ago to the current date.” The site organizes movies by genre, and lists the number of movies it links to for each genre. Currently, the site indicates it is linking to tens of thousands of copies of free movies. The site’s 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. In 2012, 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. Variants of the site have been subject to blocking orders in the United Kingdom, Denmark, Italy, and Malaysia. While hosted by Voxility in Romania, Movie2k.to went down in May 2013 and Movie4k.to, almost identical in design, launched just days after. Movie4k utilizes a proxy server by Akrino Inc., which is located in a European data center, however the hosting provider utilizes a British Virgin Islands contact address.
- **Primewire.ag** – Estonia. Formerly known as 1channel.ch, Primewire.ag is one of the most visited websites in the world for locating links to illicit copies of first run motion picture and television content. The site claims to link to more than 50,000 free copies of movies. In 2013, the streaming link site was hijacked by a group who moved the site to a new domain, Vodly.to. The original operators of 1channel then launched a new site, Primewire.ag, which now has a global Alexa rank of 890 and a local U.S. rank of 432. Primewire.ag had 4,566,971 unique visitors in August 2014 according to comScore World Wide data. Primewire.ag has been the subject of blocking orders in the United Kingdom and Denmark. Over the years, the site has employed numerous tactics

attempting to make it “bullet proof” from enforcement measures and stay online, including hosting through a rotating inventory of 30 or more domains and a variety of hosting locations. The site is currently hosted at Servers, a Dutch hosting provider using the infrastructure of Wavecom in Estonia.

- **Watchseries.lt** - Switzerland. Watchseries.lt is one of the most popular websites in the world to find and view copyright infringing content. The site is owned and operated by the same group of operators that runs the “Movshare Group” of websites discussed above. The site has a global Alexa rank of 613, and a local rank of 334 in the U.S. Watchseries.lt had 8,576,380 unique visitors in August 2014, which was a 58% increase compared to August 2013, according to comScore World Wide data. Watchseries.lt is currently hosted by Private Layer, located in Switzerland.
- **Putlocker.is** – Switzerland. Putlocker.is is a linking site that provides links to illicit content located on various Cyberlockers. The site has a global Alexa rank of 1,199, and a local rank of 655 in the U.S. Putlocker.is had 11,144,327 unique visitors in August 2014 according to comScore World Wide data. Putlocker.is provides illicit copies of movie and television content, utilizing embedded video players to stream content directly from the website itself. The website has also been subject to site blocking in Italy. Putlocker.is is currently hosted by Private Layer, located in Switzerland.
- **Solarmovie.is** – Latvia. Previously Solarmovie.eu and solarmovie.so, the site continues to rise in popularity as a source of links to first run motion picture and television streaming content, with a global Alexa rank of 1,640 and a rank of 685 in the U.S. Each title is offered with dozens of links 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. A variant of the site, solarmovie.so, was blocked in the United Kingdom following a November 2013 order by the High Court of London. In September 2014, the Bucharest Court granted a preliminary injunction and ordered hosting provider Voxility to temporarily interrupt the hosting on its servers and not to resume in future hosting of the website Solarmovie, regardless of its extensions. With this precedent, the Romanian court is the first to successfully apply Article 8.3 in Central Eastern Europe and opens the door for intermediary injunctions in this region including site blocking. The website has been reported as hosted in multiple countries including Netelligent in Canada, Ad Technology Sia in Latvia, and Portlane in Sweden.
- **Megafilmeshd.net** – Brazil. Megafilmeshd.net is a popular streaming linking site that currently offers more than 10,000 links to both national and international content including films, television series, and concerts. The site has been active since August 2010 and offers frequently updated illegal content in Portuguese. The availability of illegal content has earned the site a global Alexa ranking of 1,763, and a rank of 61 in Brazil. Megafilmeshd.net had 9,378,594 unique visitors in August 2014, which was a 30% increase compared to August 2013, according to comScore World Wide data. It is currently hosted at OVH in France.
- **Filmesonlinegratis.net** – Brazil. Filmesonlinegratis.net is a streaming linking site that has been active since May 2009. Very popular in Brazil, the site is dedicated to the distribution of national and international television series and films and is frequently updated. The site has a global Alexa rank of 2,308 and a local ranking of 101 in Brazil. Today, the site offers more than 8,000 links to illegal content both dubbed and subtitled. Filmesonlinegratis.net had 6,117,630

unique visitors in August 2014 according to comScore World Wide data. The site is currently hosted at Voxility in Romania.

- **Watch32.com** – Germany. Watch32.com is a popular streaming site that directly embeds popular movie content from third-party cyberlockers. The site has a global Alexa rank of 2,898, and a local rank of 2,667 in the U.S. Watch32.com had 3,466,540 unique visitors in August 2014 according to comScore World Wide data. The website has been subject to site blocking in both the United Kingdom and Malaysia. Watch32.com is currently hosted by Contabo, located in Germany.
- **Yyets.com** – China. Yyets is the most popular dedicated download site for copyrighted content in China. Yyets.com is regarded as a “hybrid link site” as it provides a wide range of links available in many different styles, particularly the Xunlei and BitTorrent client. It also offers Chinese subtitles for Western content, which is the most popular type of video content available. An independent report commissioned by the MPAA found that Yyets.com provided links to 67 other popular sites in China. The site has a global Alexa rank of 3,607 and a rank of 292 in China. Yyets.com had 1,829,052 unique visitors in August 2014 according to comScore World Wide data. The site is hosted by Xiancity Ipaddresspool in China.
- **Viooz.ac** – Estonia. Viooz.ac is a linking site that links to and streams movie and TV content from cyberlockers. Viooz is one of the most-visited websites in the world to locate links to illicit copies of motion picture and television content. The site has a global Alexa rank of 4,900, and a local rank of 1,639 in the U.S. Viooz.ac changed domains from Viooz.co in what is believed to be an attempt to circumvent site blocking orders. Viooz.co has been blocked in both Norway and the United Kingdom. Viooz.ac streams infringing content directly on the website in the form embedded video players. The website is currently hosted by Dragees, located in Estonia.
- **Cuevana.tv** – Argentina. Historically, Cuevana.tv was among the most popular Spanish language streaming link sites in the world. However, in March 2014, the site was converted from a website offering high-quality streaming content to a landing page for a BitTorrent application entitled “Cuevana Storm” (“Storm”). Despite this change in the service’s format, the new application provides access to similar content to users through a Cuevana API (hosted at <http://api.cuevana.tv>), which appears to be the backbone of the entire application. The list of available content, the metadata required for the application to access that content, and the application itself still appear to come from Cuevana’s services. However instead of traditional streaming from cyberlockers, Cuevana Storm streams video content utilizing BitTorrent technology. Storm is an open source project with its source code available on GitHub’s platform. In late 2011, the MPAA’s members initiated a private criminal action against Cuevana’s operators in Buenos Aires, Argentina. Due primarily to disputes among several Argentine courts as to which one properly has jurisdiction, the case has yet to make significant forward progress. Cuevana.tv is currently hosted by Google, Inc. in the U.S.
- **Degraçaemaisgostoso.org** – Brazil. Translated into English, “Free is nicer” is the name of this popular Brazilian linking site, which has been in operation since October 2007. Degraçaemaisgostoso.org had 850,699 unique visitors in August 2014 according to comScore

World Wide data, a global Alexa rank of 24,264 and a local rank of 676 in Brazil. The linking site serves as a major hub for the distribution of infringing content, including books, movies and music, and is all of which are updated daily with new infringing links to multiple cyberlockers, including Uploaded.net and Bitshare.com. Notices to remove infringing content have been ignored by the site's administrator. The site is currently hosted by Exmasters in the Czech Republic.

- **Telona.org** – Brazil. 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. The site has a global Alexa rank of 59,074 and a local rank of 1,578 in Brazil. Telona.org had 410,652 unique visitors in August 2014 according to comScore World Wide data. Telona.org currently offers over 12,000 links to download illegal content, and is hosted by the Romanian server Voxility.

**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 as low as 7.95€ per month for a 12 month subscription or 9.95€ for a one month subscription. From there the cost increases based on the quantity of content users wish to download. Usenext.com had 381,261 unique visitors in August 2014 which was a 51% increase compared to August 2013, according to comScore World Wide data. Usenext is operated in Germany and hosted by Mainlab GMBH in Germany.

## II. Physical Notorious 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:

- **Galeria Pagé, Avenida Paulista, Faria Lima (São Paulo), Camelodromo Uruguaiana (Rio de Janeiro) and Feira dos Importados (Brasilia)** – Brazil. The country’s largest city, São Paulo, is a key hub of national piracy networks. Not only are pirate products widely sold in the city, but local distributors supply many similar retail operations in other parts of the country. Thus, the pressure applied against the pirate market in Sao Paulo in recent years, especially since the initiation of the “City Free of Piracy” project in 2011, had a positive ripple effect for some time. Conversely, the retrenchment of enforcement efforts in Sao Paulo under the current municipal administration has had negative impacts in other cities as well. In 2014, not only are piracy-friendly shopping complexes such as Galeria Pagé thriving in Sao Paulo, with levels of pirate product not seen for several years, but street vendors are also returning to high profile areas in that city, such as the Avenida Paulista and Faria Lima. In other major cities, big outdoor markets such as the Camelodromo Uruguaiana in Rio de Janeiro, and the Feira dos Importados (also known as Feira do Paraguai) in Brasilia, are epicenters for the trade in pirate videogames and audiovisual products. The largest and most famous shopping market in Rio, the Camelodromo Uruguaiana is set on four street blocks and contains more than 1,500 kiosks, many of which sell counterfeit optical discs. Minas Gerais and Pernambuco are other cities with serious physical piracy problems.
- **Greater Toronto Area (GTA)** – Ontario, Canada. Lack of police enforcement due to limited resources has contributed to the continuation of the illegal sale of counterfeit discs in several GTA flea markets.
- **Hailong Electronics Shopping Mall, Beijing Haidan District and San Li Tun 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. Most shops in the San Li Tun shopping district openly sell counterfeit movies and television programs; this district is especially popular with foreign tourists.
- **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. In addition, ITC Mangga Dua has emerged as a major center for counterfeit and pirated goods of all kinds, including optical discs.
- **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 and 2013, 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.
- **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 facilitate illicit imports from Russia. While there are signs of diminishing number of counterfeit products sold in Mayak Open Market (Donetsk) and Petrovka Open Market (Kiev) 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.

- **Mutino Market** – Moscow, Russia. The Mutino Market continues to be notorious for selling counterfeit products as the number of kiosks conducting these activities often fluctuates. 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); Rong Klua Market, Sakaew, Samui (Surat Thani)** – 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 2014, with many vendors openly selling counterfeit movies as well as child pornography.
- Street markets located in **Tepito, Lomas Verdes, Juarez or Central Camionera, Toreo Subway Station (State of Mexico) and Salto del Agua and Toreo Markets (Federal District)** are the main suppliers of pirated optical discs in the Federal District of Mexico. Labs and warehouses are also located in **Pulga Guadalupe, Pulga Mitras, 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); Plaza Lido, Plaza Zona Rosa, and Plaza Degollado (Cuernavaca Morelos), Alameda Central, Hidalgo, Mariano Escobedo, De la Cruz (Querétaro), 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, las Brisas or la Mesa, and Carpas Santa Fe (Tijuana)**. This long list of notorious Mexican markets, which contain over 1,000 stalls and warehouses and are responsible for approximately \$1.5 million USD in monthly sales, is merely a small subset of the nearly 90 well-known markets which specialize in pirate and counterfeit products and operate across Mexico. A significant number of these notorious markets are owned by municipalities despite the fact that organized crime is clearly involved in their operations. Numerous operations have occurred within the past year, notably several actions by PGR's specialized intellectual property crimes unit (UEIDD-API) to address infringing activity in Tepito, after years of no meaningful enforcement there. MPAA appreciates UEIDD-API's efforts to root out and deter content theft in Mexico.
- **Richie Street, Censor Plaza and Burma Bazaar (Chennai); Bara Bazaar (Kolkata); Chandini Chowk, Palika Bazaar (underground market) and Sarojini Nagar Market**

**(Delhi); Navyuk Market Ambedkar Road and Nehru Nagar Market (Ghaziabad); Kallapur Market and Laldarwajah (Ahmedabad); Jail Road and Rajwada (Indore); Manish Market, Lamington Road, Dadar Train Station, Andheri Station Market, Borivili Train Station and Thane Station Market (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.

### 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,



Joanna McIntosh  
Executive Vice President  
Global Policy and External Affairs