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October 25, 2013

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

Re: Request for public comment on the 2013
Special 301 Out of Cycle Review of Notorious
Markets. Docket No. USTR-2013-0030

Dear Mr. McCoy:

The Motion Picture Association of America submits the following response to the request for written submissions issued September 30, 2013, by the Office of the US Trade Representative, inviting submissions from the public on notorious markets outside of the United States.

The American motion picture and television industry is a major U.S. employer that supported 1.9 million jobs and over \$104 billion in total wages in 2011. Over 284,000 jobs were in the core business of producing, marketing, manufacturing and distributing motion pictures and television shows. These include people employed in film and television production-related jobs on a free-lance basis, part time or full time at major studios, independent production companies, and core industry suppliers like film labs, special effects and digital studios, location services, and prop and wardrobe houses dedicated to the production industry, among others.

Another 365,000 jobs were in related businesses that distribute motion pictures and television shows to consumers, including people employed at movie theaters, video retail and rental operations, television broadcasters, cable companies, and new dedicated online ventures. The industry also supports indirect jobs in the thousands of companies that do business with the industry, such as caterers, dry cleaners, florists, and hardware and lumber suppliers, and retailers.

The American motion picture and television production industry remains one of the most highly competitive around the world. In 2011, the enduring value and appeal of U.S. entertainment

around the world earned \$14.3 billion in audiovisual services exports, up five percent over 2010. Moreover, this industry is one of the few that consistently generates a positive balance of trade. In 2010, that services trade surplus was \$12.2 billion, or six percent of the total U.S. private-sector trade surplus in services.

The industry distributes its films and TV shows to over 140 countries and with 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. MPAA greatly appreciates USTR's interest in identifying notorious markets that threaten legitimate commerce, impair legitimate markets' viability and curb U.S. competitiveness, and hurt our overall economic strength. It is critical that our trading partners protect and enforce intellectual property rights.

Below, the MPAA has identified both online and physical notorious markets. To the best of our ability, we have attempted to respond to the six indicators identified in the NOI. In most instances, however, criminal enterprises work to obfuscate identifying information. 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 importance of cross-border law enforcement cooperation.

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

For all of the workers in our industry and their families, copyright theft means declining incomes, lost jobs and reduced health and retirement benefits. Copyright theft is not a victimless crime. The criminals who profit from the most notorious markets throughout the world threaten the very heart of our industry and in doing so they threaten the livelihoods of the people who give it life.

I. Online Notorious Markets

In the online space, the theft of creative content has evolved rapidly. In the late 1990s, infringing content primarily was traded via small private online networks. With the introduction of peer-to-peer technologies, online content theft largely moved first to centralized peer-to-peer protocols, such as Napster, and then to de-centralized technologies such as BitTorrent. Today the online market has further fragmented and content thieves are taking advantage of new online technologies, with streaming sites and cyberlockers representing a growing share of unlawful conduct. Moreover, a secondary market has arisen in the form of "linking sites", which are professional-looking sites that facilitate content theft by indexing stolen movie and television

content hosted on other sites. In addition, uncooperative hosting providers have further complicated enforcement efforts in the online marketplace.

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

In many cases, an Alexa rank has been included. 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 98.

In addition, site traffic data has been included from comScore. 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.

Site traffic data may also be included from Compete.com which represents U.S. data only. The traffic is expressed in unique visitors and counts how many unique individual people in the U.S. visited the site per month. This traffic is approximated through information sources that include Internet Service Providers and by tracking the behavior of Internet users via opt-in panels and a browser toolbar that is available to the general public.

Peer-to-Peer Networks & BitTorrent Portals: A peer-to-peer network provides a method for users to exchange files quickly and easily between the individual computers on the network – other users or “peers.” While there are many different peer-to-peer technologies available, “BitTorrent” or “torrent” technology is the technology most commonly used to illegally distribute movie and television files because it breaks large files into smaller pieces, making them faster to distribute. BitTorrent or torrent sites allow users to locate and download files directly from the computers of other users in the BitTorrent network. BitTorrent websites facilitate the downloading of files among peers by maintaining information about the names and locations of files on the computers of each peer in the network and initiating the download process. The BitTorrent landscape continues to remain popular serving millions of torrents through tens of millions of users at any given time.

An important recent development in the BitTorrent landscape is the October 21, 2013, closure of isoHunt, a site included in MPAA's earlier Notorious Markets filings. IsoHunt had been one of the most popular BitTorrent sites on the Internet and for years had operated with impunity. On October 23, in connection the major movie studios' copyright lawsuit against the site and its operator, a U.S. District Court ordered isoHunt to halt all operations worldwide and to pay damages in the amount of \$110,000.

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

- Extratorrent.com – Ukraine. Extratorrent.com is a highly popular BitTorrent indexing website ranked as the 299th most popular website in the world by Alexa.com. The site had 16,124,593 unique visitors in August 2013 according to comScore World Wide data, and an estimated 1,171,332 U.S. visitors during the same month according to Compete.com. The site claims to offer more than 13 million files with sharing optimized through over 43 million seeder and more than 60 million leechers. Some of the website's features include sections highlighting "the most pirated movies," and "first cams," which are camcordings of motion pictures currently available only through theatrical distribution. Users rate the quality of the content and the uploader, as well. Extratorrent.com is currently hosted by Omnilance LTD in the Ukraine.
- Kickass.to – Canada. This website has steadily increased in popularity since 2009 and is currently ranked as the 120th most popular website in the world by Alexa.com. 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 had 47,839,312 unique visitors in August 2013 according to comScore World Wide data. Its servers are hosted by Netelligent Hosting in Canada.
- QVOD – China. QVOD, or "Kuaibo.com", is a P2P protocol and application widely used by Chinese rogue linking sites to distribute infringing copies of copyrighted movies and television shows. QVOD serves a similar function to cyberlockers and, together with linking sites, forms the backbone of a significant portion of China's rogue site landscape. Alexa rankings for QVOD stand at 260 in China and 3,673 globally. However, popularity of the service may not be accurately represented by Alexa rankings as QVOD is a downloadable application and there is no need to return to the site. Many rights holders and licensees in China have identified QVOD and the websites utilizing its network as a primary threat to the stability of legitimate digital distribution in China.
- 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 13,563,834 registered users and 1,420,318 active torrents. It is one of the world's most visited websites with a global Alexa ranking of 246 and Russian rank of 14. Rutracker.org had 11,697,382 unique visitors in August 2013 according to comScore World Wide data. The site is hosted in Russia through Avtomatizatsiya Business Consulting.
- Thepiratebay.sx – Sweden. Thepiratebay.sx (TPB) claims to be the largest BitTorrent tracker on the Internet with an Alexa rank of 78. Available in 35 languages, this website serves a

wide audience with upwards of 31 million peers accessed by almost 6 million members. Thepiratebay.sx had 61,131,355 unique visitors in August 2013 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. Two years later, the operators launched a direct download hub named Bayfiles.com through which users are presently uploading and distributing infringing files upwards of 5 GB in size. The TPB continued to combat efforts to protect the interests of copyright holders by changing their top level domain to .SE in an effort to thwart site blocking efforts instituted by the Governments of Belgium, Denmark, Finland, Ireland, Italy, Malaysia, Netherlands, and UK. Sweden's Supreme Court affirmed the 2009 criminal convictions this year. 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 an effort to thwart the seizure of two Pirate Bay domain names, TPB switched to Thepiratebay.sx in 2013. ThePirateBay.sx 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 as hosted in multiple countries using domains registered in multiple countries.

- **Torrentz.eu – Canada.** As one of the oldest and most popular BitTorrent websites on the Internet, Torrentz.eu has been in operation for ten years. This BitTorrent metasearch engine has an Alexa ranking of 160 and currently claims to offer 26.1 million active files via 34 major BitTorrent websites that include Thepiratebay.sx 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 aggressive configuration. The website transitioned to the .EU domain following the U.S. Department of Homeland Security seizure of multiple domains. The site had 45,525,987 unique visitors in August 2013 according to comScore World Wide data. It is currently hosted through Netelligent Hosting in Canada.
- **Xunlei.com – China.** With an Alexa ranking of 71 within China, Xunlei.com features a proprietary, high speed P2P file sharing system that distributes unauthorized copies of motion picture and television content. The system incorporates the website's own desktop download manager with file formats unique to the system. Recently, Xunlei's public service, Kankan, transitioned in format and now streams some authorized motion picture content. However, it also offers a "VIP Offline" service which distributes infringing content for a monthly fee. With this service, infringing content is downloaded by Xunlei from the external source and is stored to its servers for unauthorized on demand viewing. Xunlei.com is currently hosted in China by China Unicom.

Infringing Download and Streaming Hubs: Infringing download and streaming hubs, which include what are sometimes referred to as "cyberlockers", are types of hosting sites that allow users to upload and distribute files. A user uploads a file and the hosting site provides the uploader with a link to that file. Clicking the link will either initiate a download of the uploaded file, a stream of the uploaded file or offer both options. It is very common for links to illegal

copies of movies and television shows that have been uploaded to these sites to be widely disseminated across the Internet via linking websites, social media platforms, forums, blogs or email.

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

2012 saw great successes with the Department of Justice's seizures of Megaupload.com and Megavideo.com. Such seizures have a notable impact on legitimate digital sales. A 2013 Carnegie Mellon University study of twelve countries in the 18 weeks following Megaupload's closure saw the digital revenues of two studios' movies were 6-10% higher than they would have been if not for the shutdown. It is also the case that some users of these notorious sites migrated to other notorious markets, such as Putlocker.com, which saw a spike in traffic following the Megaupload takedown.

In addition, in 2011, Korea passed the Webhard Registration Act which required webhards to fulfill a series of requirements by 2012 in order to keep their license. This Act has provided some needed management over Korea's extensive webhard landscape with many infringing webhards shutting down. This includes Simdisk.co.kr, which was mentioned in last year's filing.

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

- **Extabit.com- Netherlands.** Extabit.com expanded its services to accommodate a surge in traffic following the Megaupload.com seizures. Currently ranked 2,500 globally by Alexa.com, this download hub had 3,121,422 unique visitors in August 2013 according to comScore World Wide data and received an estimated 182,949 U.S. visitors during the same month according to Compete.com. Download speeds are throttled and advertisements are present for users who do not purchase the \$89.99 annual premium membership. Extabit.com is hosted at Leaseweb in the Netherlands.
- **Netload.in- Germany.** Netload.in is a download hub available in ten languages and is ranked 2,751 by Alexa.com. The site had 155,889 unique visitors in August 2013 according to comScore World Wide data and received an estimated 116,296 U.S. visitors during the same month according to Compete.com. Download speeds are throttled and files are automatically purged every 30-days for users who do not purchase the \$64.99 annual premium membership. Netload.in is hosted at Link 11 GmbH in Germany.
- **Nowvideo.sx – Netherlands.** Nowvideo.sx is one of the top streaming cyberlocker sites worldwide with an Alexa global rank of 7,623. The site operator recently switched TLD's to "sx," redirecting traffic from nowvideo.eu. Traffic on nowvideo.sx is growing, offering one

of the most generous rewards programs to uploaders of about \$20 USD per 1,000 views. Notably, nowvideo.sx belongs to a family of problematic sites, which includes cyberlockers, linking sites, and forums, all under the same operator. The site is hosted at multiple IPs in both Switzerland and the Netherlands.

- Putlocker.com – United Kingdom. Launched at the end of 2010, Putlocker.com has quickly risen to become one of the most visited streaming hubs worldwide with an Alexa rank of 314. The site had 32,428,540 unique visitors in August 2013 according to comScore World Wide data and, and received an estimated 3,003,345 U.S. visitors during the same month according to Compete.com. This hub is somewhat unique in that it offers both streaming and downloading of significantly large video files – upwards of five GB in size. Files found on Putlocker use filesharing naming conventions that designate the quality of the infringing file and the release group responsible for making it available. Shortly after the Megaupload takedown, Putlocker ceased to pay uploaders for each viewing of their uploads. Users, however, continue to pay the operators \$44.99 a year for premium accounts that enable them to download copies of the content or stream it without the distraction of advertisements. Alexa.com has identified about 17,000 websites linking to Putlocker, continuing to suggest that Putlocker is one of the most popular sources of content for linking sites. Putlocker.com is currently hosted by M247 in the United Kingdom.
- RapidGator.net – Russia. This site has sustained its popularity over 2013 and according to Alexa, RapidGator is currently the 432nd most popular site in the world. The site had 15,122,689 unique visitors in August 2013 according to comScore World Wide data, and offers monetary rewards for uploaders, encouraging uploaders to distribute popular content such as copyrighted movies and television programs as widely as possible. Premium subscription plans are available, allowing users to avoid throttled download speeds and data-download limits. RapidGator.net is hosted by Nevillage Network in Russia.
- Uploaded.net- Netherlands. Uploaded.net, with a current global Alexa ranking of 225, is a download hub that incentivizes users to upload large files, such as those associated with television episodes and motion pictures, by paying rewards based on the file size, as well as a percentage of premium account sales referred by the user. Users who upload files less than 100 MB in size are rewarded up to approximately \$13.60 per every 1,000 downloads based on region of download, while those uploading larger files larger are paid up to approximately \$54.38 for the same count. 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 \$95.99 annual premium membership. Following the Megaupload.com takedown, Uploaded.to blocked traffic from U.S. IP addresses and expanded their server capacity to accommodate a “massive growth” in traffic. While the website has since allegedly changed hands, the site continues to offer infringing content with file names clearly associated with illicit filesharing and illicit release groups. The site operator recently switched TLD’s to “.NET” and began redirecting traffic from the “.TO” to the new domain name. The website operates through multiple redundant domains that include Uploaded.to and U1.to. Uploaded.net had 30,565,121 unique visitors in August 2013, which was an 80% increase compared to August 2012, according to comScore World Wide

data. Uploaded.net is hosted on eight separate IP addresses by Level 3 Communications in the United States and United Kingdom. However, there are also backend content servers located in other countries to spread the risk such as in the Netherlands.

- VKontakte – Russia. VKontakte, or VK.com, is the leading social networking site in Russia and Russian speaking territories. VKontakte has become a hotbed of online piracy for movie, television and music files. This stems from the site specific user upload and search functionality – including torrent functionality – designed to facilitate easy hosting and access to popular media files coupled with the lack of any affirmative efforts by the sites’ operators to prevent copyright infringement. In fact, some view an important basis of Vkontakte’s appeal to be the widespread and easy availability of infringing content for download or streaming to its users. VK.com is frequently encountered on European-owned linking websites who may find the service less disrupted by copyright infringement claims. The site is available worldwide in multiple languages, including English, and is easily one of the most visited sites in the world with a worldwide Alexa ranking of 20 and an Alexa ranking of 2 in Russia. VK.com had 85,795,441 unique visitors in August 2013, which was a 25% increase compared to August 2012, according to comScore World Wide data. The site operates on corporate-owned servers in Russia.

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

- Cuevana.tv – Argentina. This popular linking site had 2,887,694 unique visitors in August 2013 according to comScore World Wide data. In addition to a global Alexa rank of 3,246, Cuevana is popular in many Spanish speaking regions such as Mexico (Alexa 175) and Argentina (Alexa 136). Cuevana offers numerous unauthorized TV series and movies content to users. The site also carries advertising, displayed only to users outside of the US, and may receive funds from cyberlocker services where the content is posted. MPAA members instituted a private criminal action in Argentina against the operators of Cuevana in December 2011; that case remains pending. Cuevana is currently hosted by iWeb in Canada using US-based Cloudflare pass-through network.
- Primewire.ag – Estonia. Formerly known as 1channel.ch, Primewire.ag is one of the most visited websites in the world to locate links to illicit copies of first run motion picture and television content. In 2013, the streaming link site was hijacked by a group who moved the site to a new domain at Vodly.tv. The original operators of 1channel have launched a new site at Primewire.ag (Alexa rank of +1,139) and traffic continues to rise given the short amount of time since the switch. Over the years, the operator had implemented numerous tactics to “bullet proof” the website and keep it online including hosting through a rotating inventory of 30 or more domains and a variety of hosting locations. Users submit and rate

the content links under categories representative of content theft, i.e. Medium/Telesync and High/DVDRip. The site is currently hosted at Sweden Dedicated Servers in Sweden.

- Filmesonlinegratis.net – Brazil. Filmesonlinegratis.net has an Alexa ranking of 94 in Brazil and 2,368 worldwide. Filmesonlinegratis.net had 6,878,663 unique visitors in August 2013, which was a 489% increase compared to August 2012, according to comScore World Wide data. The popular streaming linking site has been active since May 2009 and is dedicated to the distribution of national and international television series and films which is updated frequently. Today the site offers around 6000 links posted with illegal content both dubbed and subtitled. The site is currently hosted at Voxility in Romania.
- Free-tv-video-online.me – Czech Republic. Free-tv-video-online.me, formerly known as Projectfree.tv, is one of the most visited websites in the world to locate links to illicit copies of first run motion picture and television content. The website's current Alexa ranking is 612. Free-tv-video-online.me had 10,410,270 unique visitors in August 2013, which was a 63% increase compared to August 2012, 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 potentially avoid domain name seizure. The current operator is also believed to have owned Quicksilverscreen.ch, which was one of the biggest linking sites in the world a year ago and has since shut down. After being hosted by Coolhousing in the Czech Republic, the site is now moving to different hosting providers continuously. The website is currently hosted by Netelligent in Canada.
- Megafilmeshd.net – Brazil. Megafilmeshd.net is a popular streaming linking site that currently offers about 5,000 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 an Alexa ranking of 107 in Brazil and 2,932 globally. Megafilmeshd.net had 7,227,275 unique visitors in August 2013, which was a 381% increase compared to August 2012, according to comScore World Wide data. It is currently hosted at Leaseweb in the Netherlands.
- Movie4k.to – Romania. Movie4k.to, formerly Movie2k.to, is a popular streaming linking site with a current Alexa ranking of 936. The site had 7,536,301 unique visitors in August 2013 according to comScore World Wide data. Users submit links of first run motion picture and television content through this website with tags designating the picture and sound quality. The operator registered and advertised the availability of alternate domains for accessing the website shortly after a series of domain seizures by the U.S. Department of Homeland Security in 2011. These alternate domains include Movie2k.com, Movie2k.me, and Movie2k.ws. Last year, the operator posted a lengthy statement on the website in response to the shutdown of several infringing websites associated with Kino.to in Germany. In the statement, the operator proclaimed that copyright laws are outdated. While hosted by Voxility in Romania, Movie2k.to went down earlier this year. Movie4k.to utilizes a proxy server by Akrino Inc. which is located in a European data center, however it utilizes a British Virgin Islands contact address.

- Seriesyonkis.com - Spain. With a worldwide Alexa rank of 1,595, Seriesyonkis.com remains one of the most visited websites in the world for locating and streaming unauthorized copies of motion picture and television content. Seriesyonkis.com had 4,800,904 unique visitors in August 2013, which was a 54% increase compared to August 2012, according to comScore World Wide data. This Spanish language site serves a global audience with consistently high Alexa rankings: 60 in Spain and 233 in Mexico. Users submit and find links to over 600 television titles, often with user generated subtitles and tags that identify the overall quality and source of the video. The operators also run a separate, highly popular website named Peliculasyonkies.com, Alexa rank 2,461, which specializes in offering unauthorized copies of motion picture content. Both Peliculasyonkies.com and Seriesyonkis.com are hosted by Comvive Servidores located in Spain.
- Solarmovie.so – Latvia. Previously Solarmovie.eu, the site continues to rise in popularity as a source for links to first run motion picture and television streaming content with an Alexa traffic rank of 1,200. Solarmovie.so had 7,438,696 unique visitors in August 2013 according to comScore World Wide data. Each title is offered with dozens of links to content from multiple sources that are graded by users for quality. The community forum serves as a platform for requesting content and monitoring the service of the streaming hubs. The website has been reported as hosted in multiple countries including Netelligent in Canada and Ad Technology Sia in Latvia.
- Telona.org – Sweden. The Brazilian landscape largely relies on linking websites to locate and download content. For first run motion pictures, this content is generally camcordered in a theatre located in another country and then manipulated by a local release group to add Portuguese audio captured from a local theatre or subtitles. Telona.org is typical of piracy sites in Brazil as it offers content specific to the region, which is stored on download hubs that include Uploaded.net. Telona.org is ranked 24,853 worldwide by Alexa.com and 903 within Brazil. The site had 449,822 unique visitors in August 2013 according to comScore World Wide data. Telona.org currently has 52,000 followers on Facebook, offers around 4500 links to download illegal content, and is hosted by the Romanian server Voxility.
- Yyets.com – China. Yyets is a download and streaming portal popular among Chinese speaking internet users. Established in 2003, it has an Alexa ranking in China of 421. Yyets.com had 2,616,203 unique visitors in August 2013, which was a 53% increase compared to August 2012, according to comScore World Wide data. Although many types of content are available, Yyets specializes in providing unauthorized Chinese subtitles for foreign movies and TV shows, many of which are created by volunteers in the Yyets community. The site is hosted by China Unicom in China.

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 \$10.76 USD per month for a 12 month subscription or \$13.46 USD for a one month subscription, and go up based on the quantity of content users wish to download. The site had 252,646 unique visitors in August 2013 according to comScore World Wide data. Usenext is operated in Germany and hosted by Mainlab GMBH in Germany.

II. Notorious Physical Markets

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

- 7 Kilometer Open Market (Odessa) and Barabashovo Open Market (Kharkov) - Ukraine. These Ukrainian markets are still the most prominent locations for an array of counterfeit products given their sheer size of more than 20,000 kiosks each. Although there has been a decline in the number of counterfeit discs available following an increase in police raids, Russian-replicated counterfeit movies continue to be sold. These market locations, one near a major seaport and both near Russian railway terminals, attract a broad range of visitors and facilitates illicit imports from Russia.
- Caribbean Gardens & Markets – Scoresby, Victoria, Australia. Caribbean Gardens and Markets is Australia's largest undercover market at over 10,000 sqm, operating every Wednesday and Sunday. There are between 10-20 individual market sellers offering counterfeit Region 1 & 2 DVDs, together with other sellers offering burnt DVDs of recently released titles. The total number of sellers, while substantially reduced from mid-2000s, has increased recently due to a lack of enforcement. State and federal police have shown no interest in enforcing the issue despite multiple entreaties from right holders.
- Greater Toronto Area (GTA) – Ontario, Canada. Despite over 1 million counterfeit DVDs having been removed from several GTA flea markets by the MPA-Canada Content Protection Team since 2012, the markets remain a problematic area in 2013. 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. Peel Region flea markets, which are marred by the presence of organized crime, remain the most active.

- Hailong Electronics Shopping Mall, Beijing Haidan District – Beijing, China. Hailong is one of the largest markets in Beijing hosting shops offering bundled sales of hard drives loaded with counterfeit movies in both DVD and Blu-ray formats. Hard drives can subsequently be wiped and reloaded with new movies at a very low cost.
- Harco Glodok –Jakarta, Indonesia. This market remains the largest and most active in Indonesia for counterfeit and pirated optical discs of all types, including music, games, and movies in both DVD and Blu-ray formats. Enforcement officials have consistently shown a lack of interest in enforcing against the widespread illegal activity taking place in this market. 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.
- Mayak Open Market (Donetsk) and Petrovka Open Market (Kiev) – Ukraine. While there are signs of diminishing number of counterfeit products sold in these markets following police raids, counterfeit movies, many of which are burned on demand, continue to be sold in Mayak’s and Petrovka’s respective 40 and 20 kiosks.
- Mercado Popular de Uruguaiana – Rio de Janeiro, Brazil. The largest and most famous shopping market in Rio, this market is set on four street blocks and contains more than 1,500 kiosks, many of which sell counterfeit optical discs.
- Mutino Market – Moscow, Russia. Although a series of successful enforcement actions in 2013 led to a decrease in the number of kiosks from 20 to 10 over the past year, 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 2013, with many vendors openly selling counterfeit movies as well as child pornography.
- Pulga Mitras, Pulga del Rio, Mercado del Norte and Zona Centro (Monterrey); San Juan de

Dios, Parian and La Fayuca or La 60 (Guadalajara); La Cuchilla, Murat, la Fayuca, la Central Camionera and Zona Centro (Puebla); Las Vías and Salinas Hidalgo (San Luis Potosi); Premises located at 54 por 65 Street and 56A por 65 Street, (Merida); Central Camionera, Mercado Pescadería, Jalapa Centro and Veracruz Centro (Veracruz); Central Camionera, Lerma and Zona Centro (Toluca); Las Carpas 1 and 2, Siglo XXI, Fundadores and Mercado de Todos (Tijuana) – Mexico. This long list of notorious Mexican markets is merely a small subset of the nearly 90 well-known markets which specialize in pirate and counterfeit products and operate across Mexico. These markets were highlighted because they are all controlled by organized criminal organizations.

- Richie Street, 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); Kallupur 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.
- San Li Tun District – Beijing, China. Most shops in the San Li Tun shopping district openly sell counterfeit movies and television programs, and is especially popular with foreign tourists.
- Tepito, Lomas Verdes, Salto del Agua, and Tereo Markets – Distrito Federal, Mexico. These are the main suppliers of pirated optical discs in the Distrito Federal. Labs and warehouses are also located in these markets. All are controlled by organized criminal gangs.
- Uruguaiiana and the Tri-border Region – Paraguay, Argentina, Brazil. The tri-border region between these three countries has a long standing reputation for piracy and counterfeiting. Most of the product found in this area is manufactured in Asia, notably China. Street vendors are found to be storing the majority of material in warehouses but only displaying small amounts. The Feira do Paraguai (aka as Feira dos Importados) market in Brasilia, along with Rua 25 de Março (with Galeria Pagé) in São Paulo, are also focal points within their respective cities that have seen high volumes of physical piracy activity over the past year.

III. Closing

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

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

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

Sincerely,

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

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