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## **IIPA LAUDS USTR IDENTIFICATION OF NOTORIOUS MARKETPLACES THAT FACILITATE GLOBAL PIRACY**

*Special 301 Report of “Notorious Markets” Includes Online and Physical Marketplaces That Cause Significant Damage to Copyright Creators and the U.S. Economy*

**Washington, DC** — Today the International Intellectual Property Alliance (IIPA), representing the seven leading trade associations of the U.S. copyright industries, praised the United States Trade Representative (USTR) announcement of “Results of Special 301 Review of Notorious Markets.” The USTR report identifies more than 30 online and physical marketplaces around the world that sustain global copyright piracy by dealing in infringing goods and services.

IIPA Counsel Steven J. Metalitz noted, “We commend the U.S. Government’s continuing focus on notorious piracy markets highlighted in today’s announcement. The listing process works: it gets the attention of responsible governments, and even of some marketplace operators. This year’s list drops some previously identified notorious markets either because they have been shut down by law enforcement, or because the market operators themselves have begun to clean up their acts. These markets impede the legitimate development of creative industries in overseas markets, and harm their local economies. Cracking down on these markets opens up space for legitimate commerce in creative materials and for stronger protection of the technologies copyright owners use to enable legitimate businesses to flourish in the digital and online space.”

Metalitz continued, “The Internet and mobile networks have transformed the way we work, learn and play, but they’ve also allowed bad actors to develop business models aimed at profiting from massive infringement of music, movies, games, software, published materials and other copyright works. Physical piracy marketplaces also harm U.S. and local creators, and close off foreign markets to legitimate commerce in creative products. USTR’s report highlights the need for accountability in the online space, vigilance against physical piracy markets, and strong laws against piracy that are strictly enforced against notorious markets. It also recognizes responsible players that take on greater responsibility toward finding solutions to the problem of online and physical copyright theft.”

Among the non-exhaustive list of notorious online markets highlighted in this year’s USTR Notorious Markets list are: multi-platform piracy services like **Xunlei/Gougou** (China); sites by which the BitTorrent protocol is used to provide illegal file-sharing, like **ThePirateBay** (Sweden), **Kat.ph** (Canada), **IsoHunt** (Canada), **Torrentz.eu** (Canada), and **Rutracker** (Russia); “one-click hosting sites” fostering storage of piracy, like **PutLocker** (U.K.) and **Ex.ua** (Ukraine); social networking site **vKontakte** (Russia) that provides search functionality for hundreds of thousands of infringing music and video files; and linking sites like **Zing.vn** (Vietnam), **warez-bb** (Russia or hidden host), and **Baixede.tudo** (Brazil), that aggregate, organize, and index links to infringing files stored on other sites.



**About the IIPA:** The IIPA is a private sector coalition, formed in 1984, of trade associations representing U.S. copyright-based industries in bilateral and multilateral efforts working to improve international protection and enforcement of copyrighted materials and open up foreign markets closed by piracy and other market access barriers. IIPA’s seven member associations represent over 3,200 U.S. companies producing and distributing materials protected by copyright laws throughout the world—all types of computer software, including business applications software and entertainment software (interactive games for videogame consoles, handheld devices, personal computers and the Internet); theatrical films, television programs, DVDs and home video and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and fiction and non-fiction books, education instructional and assessment materials, and professional and scholarly journals, databases and software in all formats. Visit [www.iipa.com](http://www.iipa.com). Members of the IIPA include [Association of American Publishers](#), [BSA | The Software Alliance](#), [Entertainment Software Association](#), [Independent Film & Television Alliance](#), [Motion Picture Association of America](#), [National Music Publishers’ Association](#), and [Recording Industry Association of America](#).

The IIPA-sponsored economic report *Copyright Industries in the U.S. Economy: The 2011 Report*, is the thirteenth study written by Stephen Siwek of Economists Inc. to detail the economic impact and contributions of U.S. copyright industries to U.S. Gross Domestic Product, employment, and trade. The “core” copyright-based industries in the U.S. continue to be major contributors to the U.S. economy, accounting for an estimated \$931.8 billion or 6.36% of the U.S. gross domestic product (GDP) in 2010, and nearly 5.1 million workers in 2010, which is 3.93% of all U.S. workers and 4.75% of all private workers in 2010.<sup>1</sup> The report notes a 27% “compensation premium” for workers in the core copyright industries, amounting to \$78,128 per year. Finally, estimated 2010 foreign sales and exports of key sectors of the core copyright industries amounted to \$134 billion, a significant increase over previous years, and exceeding foreign sales of other major U.S. industries such as aircraft, automobiles, agricultural products, food, and pharmaceuticals. Other countries’ studies similarly show the significant linkage between copyright protection and economic development, as documented by the World Intellectual Property Organization’s 2012 study on the *Copyright + Creativity = Jobs and Economic Growth: WIPO Studies on the Economic Contribution of the Copyright Industries*.<sup>2</sup>

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<sup>1</sup>See Steven E. Siwek, *Copyright Industries in the U.S. Economy: The 2011 Report*, November 2, 2011. The entire report as well as summaries can be accessed at [http://www.iipa.com/copyright\\_us\\_economy.html](http://www.iipa.com/copyright_us_economy.html). Core copyright industries are those whose primary purpose is to create, produce, distribute or exhibit copyright materials. These include books, journals, newspapers, and periodicals; motion pictures; recorded music; radio and television broadcasting; and computer software. Total copyright industries include the “core” industries and those whose revenues are dependent on the “core”. These encompass industries whose reliance on copyright is “partial;” “non-dedicated support” industries, that distribute copyright and non-copyrighted material; and “interdependent” sectors such as manufacturers of equipment primarily used with copyright materials.

<sup>2</sup>In 2003, the World Intellectual Property Organization (WIPO) published a guidebook on the economic parameters to develop such studies entitled *Guide on Surveying the Economic Contribution of the Copyright-Based Industries* (WIPO Publication No. 893) (2003), at [http://www.wipo.int/copyright/en/publications/pdf/copyright\\_pub\\_893.pdf](http://www.wipo.int/copyright/en/publications/pdf/copyright_pub_893.pdf). The guidelines have been implemented in over 40 countries around the world, and 35 studies have been completed and published, including: Australia (2007), Bhutan (2011), Brunei (2011), Bulgaria (2011), China (2011), Canada (2004), Colombia (2010), Croatia (2010), Hungary (2006), Jamaica (2008), Kenya, Korea, Latvia (2006), Lebanon (2008), Malaysia (2007), Mexico (2008), the Netherlands (2008), Panama, People’s Republic of China, Peru, the Philippines (2008), Romania (2010), Russia (2010), Singapore (2006), Slovenia, and Ukraine (2010).