



September 14, 2012

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Office of the U.S. Trade Representative  
Washington, DC 20508

Re: **IIPA Written Submission Re: 2012 Special 301 Out-of-Cycle Review of Notorious Markets: Request for Public Comments, 77 Fed. Reg. 48583 (August 14, 2012)**

Dear Mr. McCoy:

In response to the August 14, 2012 Federal Register notice referenced above, the International Intellectual Property Alliance (IIPA)<sup>1</sup> provides the Special 301 Subcommittee with the following written comments to provide examples of Internet and physical “notorious markets” – those “where counterfeit or 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.” We hope our filing will assist the Office of the United States Trade Representative (USTR) in “identifying potential Internet and physical notorious markets that exist outside the United States and that may be included in the 2012 Notorious Markets List.”

We express appreciation to USTR for publishing a notorious markets list as an “Out of Cycle Review” separately from the annual Special 301 Report. This list has successfully identified key online and physical marketplaces that are involved in intellectual property rights infringements, and has led to some positive developments. These include closures of some Internet websites whose businesses were built on illegal conduct, greater cooperation from some previously identified “notorious” and other suspect sites, and the facilitation of licensing agreements for legitimate distribution of creative materials. Particularly noteworthy in the past year are developments such as the closure of **MegaUpload**; the closure this summer of Ukraine-

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<sup>1</sup> 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 appear below, and 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 (such as videogame discs and cartridges, personal computer CD-ROMs, and multimedia products); 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](#), [Business Software Alliance](#), [Entertainment Software Association](#), [Independent Film & Television Alliance](#), [Motion Picture Association of America](#), [National Music Publishers’ Association](#), and [Recording Industry Association of America](#).



based BitTorrent tracker **Demonoid**; and the closure of **BTJunkie**. On hard goods piracy, we note the closure of physical piracy markets in the **Quiapo District** of Manila in the Philippines.

The notorious markets list has heightened awareness of the extreme harm being caused by those whose business models are fashioned on providing access to infringing materials. The list has also reemphasized the continued importance of dealing with physical markets where piracy remains open and blatant and where pirates have been able to operate with relative impunity.

## I. INTEREST OF THE IIPA IN THE NOTORIOUS MARKETS LIST

In this year's filing, IIPA takes the opportunity to note only some of the key examples of notorious markets in which intellectual property rights are not respected and which merit further investigation for intellectual property rights infringements. We refer the Subcommittee to the filings of other members of the IIPA – the Business Software Alliance, the Entertainment Software Association, the Motion Picture Association of America, and the Recording Industry Association of America, to round out the list. Together with their filings, a list of notorious markets emerges. It is critical to note that any such group of “notorious markets” lists is, by its very nature, non-exhaustive. These markets are symptomatic of a larger struggle creators face.

The IIPA members' “notorious markets” lists of online spaces and physical locations also does not capture all forms of piracy creators face today. For example, the unauthorized use of software within businesses – organizational end-user piracy of business software – is the principal and most damaging form of piracy to the business software industry. In 2011, the software piracy rate worldwide stood at 42%, while the commercial value of software theft was \$63.4 billion. This form of piracy is one example of harmful activity not captured directly in a list of notorious marketplaces; similarly, a notorious markets list does not address other market distortions such as market access barriers which deny creators fair and equitable opportunities to participate in commerce in creative materials.<sup>2</sup>

While our submission and those of several IIPA members are not intended to identify specific countries, we and they do take the opportunity in most cases of noting the country locations of the business operations (and in the case of Internet sites, the locations of the servers) of the notorious markets listed, since governments must play a critical role in addressing such notorious market activity, and indeed, have international obligations requiring them to take effective action. It must also be noted that the issue of addressing Internet notorious sites in particular, but physical markets as well, will increasingly require cross-border cooperation. The ongoing criminal case against the site MegaUpload and related sites (called the “Mega Conspiracy” in the DOJ indictment) is a good example of this, since preparing the case required

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<sup>2</sup> We do not here recount the kinds of piracy or market access barriers IIPA members face across the globe, but refer the Subcommittee to our many public filings, including our 2012 Special 301 Submission. See International Intellectual Property Alliance, *IIPA Written Submission Regarding 2012 Special 301 Review: Identification of Countries Under Section 182 of the Trade Act of 1974: Request for Public Comment and Announcement of Public Hearing Request to Testify at 2012 Special 301 Hearing* (76 Fed. Reg. 81555, Dec. 28, 2011), available at <http://www.iipa.com/pdf/2012SPEC301COVERLETTER.pdf>.



significant cooperation between U.S., New Zealand, and other authorities.<sup>3</sup> In many instances, several countries may be involved in relation to a single notorious market. The domain registrant for a particular notorious website may be from one country, the ISP responsible for hosting the site may be located in another, and the servers where the site/service is physically located may all be in different countries/locales. Thus, it is incumbent upon governments to consider ways to address such transnational activity. There is a growing list of examples of law enforcement authorities working together across national borders to address piracy that involves cross-border activities, and the situation will be no different with respect to these notorious markets.

Addressing IP theft successfully inures to the benefit of the U.S. economy. With the competitiveness of the U.S. economy still recovering from the financial crisis, it is notable that the U.S. copyright industries continue to outpace the rest of the economy in producing new jobs and returning revenue to our country when it needs it most.<sup>4</sup> The degree to which this capability is sustained depends in large part upon the extent to which piracy and market access barriers can be reduced. Today, nearly one out of every twenty private sector workers is employed in the “core” copyright industries, and more than one in ten workers are employed either in the “core” copyright industries or in those industries dependent upon copyright in some manner. Many of the “core” copyright industries generate over half their revenue from outside the U.S. and that revenue contributes to the creation of more U.S. jobs. The copyright industries also contribute significantly to our innovation economy and to national productivity and competitiveness as a whole.

Notwithstanding these successes, the copyright industries suffer enormous losses around the world as a result of the theft of their works or lost opportunities due to market access impediments in a number of key markets. This substantially reduces their revenue, directly affecting U.S. GDP and employment. Not only does content theft directly undercut anticipated revenue from the distribution of a particular copyrighted work, it also severely damages the distributors of such protected material and impacts the ability to secure financing to produce future projects. Notorious markets – egregious examples of open and blatant piracy – play a

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<sup>3</sup> MegaUpload was named by USTR as a notorious market in its December 20, 2011 announcement, prior to the seven owners of the site being indicted in the United States in January 2012 for amassing huge profits from facilitating massive amounts of copyright infringement.

<sup>4</sup> In November 2011, IIPA released the latest update of the comprehensive economic report, *Copyright Industries in the U.S. Economy: The 2011 Report*, prepared by Stephen Siwek of Economists Inc. This report details 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. Core copyright industries are those whose primary purpose is to create, produce, distribute or exhibit copyright materials, including books, journals, newspapers, and periodicals; motion pictures; recorded music; radio and television broadcasting; and computer software. These industries provide nearly 5.1 million U.S. jobs, which is 4.75% of the entire private sector labor force in 2010, and pay on average over \$78,000, 27% higher than the overall workforce average. 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 more than foreign sales of other major U.S. industry sectors such as aircraft, automobiles, agricultural products, food, and pharmaceuticals. 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). Linkages between copyright protection and economic development in other countries are 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*, compiling similar studies in 30 countries. World Intellectual Property Organization, *Copyright + Creativity = Jobs and Economic Growth: WIPO Studies on the Economic Contribution of the Copyright Industries*, 2012 (on file with IIPA).



disproportionate role in harming the creative industries, and thus, have a disproportionately negative impact on the U.S. economy and on U.S. employment.

## II. ILLUSTRATIVE LIST OF SOME KEY ONLINE AND PHYSICAL PIRACY “NOTORIOUS MARKETS”

The Special 301 Subcommittee has requested examples of Internet and physical “notorious markets,” i.e., those “where counterfeit or 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.” As noted, this filing lists a few of the key notorious markets, and should be read in conjunction with the filings of several IIPA members’ submissions. The sites and markets identified by IIPA in this filing and by its members in their filings are well known and are in many cases the subject of ongoing investigations by law enforcement or have been the subject to court adjudication. We also note that in identifying “notorious markets,” IIPA and its members focus on the bad behavior of individuals and enterprises dedicated to promoting piracy, and do not intend to single out any specific technology or type of service used by the infringers (since these technologies can be used for both legitimate and illegitimate purposes).

### *Internet Piracy Notorious Markets*

IIPA and IIPA members’ filings in this year’s docket include many online services notorious for their involvement in infringing copyright content, leading to massive amounts of illegal activity across the globe. The following are a few illustrative examples of the kinds of bad actors we have identified, and we refer you to the IIPA members’ filings for more examples and greater detail on their activities.

- **ThePirateBay.se** (Sweden);<sup>5</sup> **Kat.ph** (formerly **Kickasstorrents.com**) (Canada);<sup>6</sup> **Isohunt.com** (Canada);<sup>7</sup> **Extratorrent.com** (Ukraine);<sup>8</sup> **Torrentz.eu** (Canada);<sup>9</sup> and

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<sup>5</sup> Swedish-based ThePirateBay.se is currently ranked as the 81st most visited site in the world according to Alexa.com, and is one of the top 50 websites visited in 20 countries. The Pirate Bay is a BitTorrent site with a global scope. The site remains hosted in Sweden, despite criminal convictions against the four founding individuals in April 2009 (appeal upheld in November 2010). The site has over 30 million users and access to pirate versions of the world’s most popular films and music for instant download. Right holders have turned to ISPs in other countries for cooperation in respect to enforcement, and have received some good cooperation. However, the operators of the site have practiced evasive tactics to ensure the site remains open for its illegitimate business.

<sup>6</sup> Canada-based Kat.ph is currently ranked as the 158th most visited site in the world by Alexa.com.

<sup>7</sup> IsoHunt, operating out of Vancouver, Canada, is one of the largest BitTorrent sites in the world, with millions of users monthly, providing popular music and films available for instant download illegally. In December, 2009, a U.S. federal district court found IsoHunt liable for massive copyright infringement, finding that its business model “depends on massive infringing use,” and citing un rebutted evidence that 95% of the files traded through IsoHunt’s sites are likely infringing. In May 2010, the court issued an injunction that IsoHunt ignored, and criminal contempt proceedings were initiated. The website has shown only isolated signs of cooperation, and continues to operate through servers operated by Isohunt in Canada.

<sup>8</sup> Ukraine-based ExtraTorrent.com claims it is “The World’s Largest BitTorrent System,” and claims, “Any torrents for FREE download. Download music, movies, games, software, iPod, anime, porn, adult, books, pictures and other torrents.” It is particularly popular in South Asia, coming in, for example, as the 88th most visited site in all of India, according to Alexa.com.

<sup>9</sup> Torrentz.eu is ranked the 121st most popular site in the world, according to the three-month Alexa traffic rankings. The site is particularly highly ranked in the city of Calcutta (12th) and in all of India it is ranked as the 18th most visited site (it is ranked in the top 32 sites throughout South Asia).



**Rutracker.org** (Russia),<sup>10</sup> are examples of sites that employ or facilitate the use of the BitTorrent file sharing protocol to enable pirated content – including very large files – to be quickly located and downloaded.

- **Putlocker.com** (United Kingdom);<sup>11</sup> **Netload.in** (Germany); **Simdisk.co.kr** (and other “webhards” in Korea); **Turbobit** (Germany);<sup>12</sup> **4Shared.com** (registered in the British Virgin Islands);<sup>13</sup> **Ex.ua** (Ukraine);<sup>14</sup> and **Depositfiles**,<sup>15</sup> are examples of “one-click hosting sites,” colloquially referred to as cyberlockers, which provide access to large libraries of infringing files.
- **vKontakte** (Russia) is a Russian social networking site that features search functionality specifically designed and operated to enable members to upload music and video files, hundreds of thousands of which contain unlicensed copyright works, which other members search and stream on computers and mobile devices.<sup>16</sup>
- **1channel.ch** (Estonia);<sup>17</sup> **Movie2k.to** (Romania);<sup>18</sup> **Zing.vn** (Vietnam);<sup>19</sup> **Seriesyonkis.com** (Spain);<sup>20</sup> **Sohu/Sogou** (China);<sup>21</sup> **Warez-bb.org** (currently hosted either in Russia or hidden

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<sup>10</sup> Russia-based Rutracker recently ranked by Alexa.com among the 15 most visited sites in Russia, and as the 280th most visited site in the world; the site allows for the fast identification and download of pirated content.

<sup>11</sup> Putlocker.com is particularly popular throughout Europe, coming in the top 200 visited sites in much of Europe.

<sup>12</sup> Turbobit, hosted at Leaseweb, ranks 47th in Russia and 446th globally in terms of Internet popularity. Turkey, Tunisia, Egypt, and Ukraine are also origins of high traffic.

<sup>13</sup> 4shared is ranked as the 100th most visited site in the world according to three-month Alexa.com traffic rankings. Relative to the overall population of Internet users, this site's users are disproportionately Asian and Middle Eastern. 4shared ranks as the 14th most visited site in Indonesia, the 17th most visited site in Thailand, the 20th most visited site in Saudi Arabia, and the 22nd most visited site in Brazil.

<sup>14</sup> Although Ex.ua has been subject to criminal action and was temporarily shut down in January 2012, it is now back up and running and the criminal case has been closed without explanation. According to Alexa rankings, the site is the 13th most popular website in the Ukraine and has a global ranking of 2,051. There are approximately 1,160,000 visitors to the site every day and approximately 386,300 new uploads every day. Notice and takedown is ineffective because within days after an infringing link is taken down, a new link with the same content re-appears.

<sup>15</sup> Depositfiles.com is currently the 185th most visited site in the world, and is in the top 100 sites visited in nine countries, including Ukraine (57), Russia (58), Chile (72), and Mexico (85). The domain is registered by a company in Seychelles; Alexa indicates the site is located in Cyprus. Depositfiles generates revenue from advertising and by offering “premium accounts.” Users are also able to pay for premium access allowing them to download files more quickly and further to download up to 250 files simultaneously. The site also offers bonus or affiliate programs rewarding users whose friends download their files. Depositfiles has been subject to legal action for infringement, but remains in operation.

<sup>16</sup> vKontakte is currently the 35th most visited site in the world, according to Alexa.com rankings, the 2nd most visited site in Russia and Belarus, and the 3rd most visited site in Ukraine. It has in excess of 80 million registered users and web monitoring companies report that 35 million unique Russian users visit the site every month. The site was found civilly liable for copyright infringement in early 2012 in a case brought by a Russian record label, Gala Records, but this has had no impact on the way that vKontakte conducts business, and the site continues to enable members to infringe on a massive scale.

<sup>17</sup> 1channel.com (previously Letmewatchthis.com) is a particularly popular linking site in Canada, the UK, Ireland, and Pakistan, coming in the top 200 most visited sites in those countries according to Alexa.com.

<sup>18</sup> Movie2k.to is particularly popular in Germany, Austria, and Switzerland, coming in the top 60 most visited sites in those countries.

<sup>19</sup> Zing.vn remains an extremely damaging site in Vietnam, ranking as the 6th most visited site in that country, and is often visited in South Korea and Singapore, giving it a strong global ranking.

<sup>20</sup> SeriesYonkis remains the 93rd most visited site in Spain and strong generally in Spanish-speaking countries. It is a dedicated linking/“streaming” site for infringing first-run movies and television content.

<sup>21</sup> Sohu, which is the parent company of Sogou, continues to operate an unlicensed deeplinking service called “Sogou MP3” (mp3.sogou.com). According to Alexa rankings, Sohu is now the 8th most accessed site in China and the 39th most accessed site globally; Sogou is not far behind, ranking 17th in China and 92nd globally. Sogou MP3 provides users with access to deep links of music files from unauthorized sources for streaming and download. Despite court judgments against the search service in



behind a proxy server);<sup>22</sup> and **BaixedeTudo** (Brazil),<sup>23</sup> are linking sites that aggregate, organize and index links to infringing files stored on other sites (so-called deep-linking). Linking sites typically organize illegal copies by title or genre. 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.

- **Xunlei** (China) (and **Gougou**);<sup>24</sup> **Xiami** (China);<sup>25</sup> and **Blubster** (Spain),<sup>26</sup> are examples of sites operating P2P file sharing services encouraging infringement, especially of music files (but increasingly are multi-platform sites). **Xunlei** is a multi-faceted site which continues operating various services facilitating music infringement, including unlicensed P2P file sharing (through a software client called “Xunlei 7”) and an offline downloading service promoting infringement called “Xunlei Lixian” (lixian.xunlei.com; lixian.vip.xunlei.com). Xunlei is also operating a new unlicensed music video deeplinking service called “Xunlei Da Chuan” (dachuan.xunlei.com) and an unlicensed music video hosting service called “Xunlei Kankan” which directly hosts thousands of unauthorized music videos.
- **Usenext.com** (Germany) is an example of a “Usenet” service, but with the difference that its proprietors offer search functionality which encourages infringement and offers significant speeds of download for large files like infringing motion pictures. Even though usenet notices result in takedown from the global usenet, infringing content remains on the “closed” Usenext system.

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2010, Sogou has not taken meaningful steps to remedy the infringement. Sohu has a built-in Sogou search field in a prominent position on Sohu’s website and infringement can be found otherwise through Sohu’s platforms. The take down rate by Sohu and Sogou remains extremely low at 1%. Although administrative complaints were filed against Sohu and Sogou, no sanction resulted and the Government authority has failed to provide an explanation for this. According to Sohu’s 2012 half year results, Sogou revenues were US\$30 million, up 123% year-on-year and 34% quarter-on-quarter.

<sup>22</sup> Warez-bb.org remains a popular site in certain countries in Europe, South Asia, and Oceania, coming in the top 200 sites visited in countries as diverse as New Zealand, Bangladesh, Sri Lanka, and Belgium, according to Alexa.com rankings.

<sup>23</sup> BaixedeTudo’s English translation is “download everything” and “comscore” estimates site has more than 1.2 million unique users per month. While the site is hosted in Sweden, it targets the Brazilian market. The site also provides distribution of hacked or cracked software codes and programs.

<sup>24</sup> Although Xunlei claims that it sold its stake in “Gougou,” an unlicensed deeplinking service (mp3.gougou.com), Xunlei still has a close connection with Gougou. The Xunlei 7 client software can be equipped with a “Gougou” plug-in that allows easy access to Gougou’s deeplinking service. Gougou MP3 actively provides users with deep links to infringing music files and torrent links from unauthorized sources. According to Alexa rankings, Xunlei is the 34th most visited site in China and the 187th most visited site globally. In addition to deriving revenues from subscription fees, advertising revenues have increasingly become important, and with the acquisition by Xunlei of the navigation website 155.com, an additional RMB 167.8 million (US\$26.5 million) was added to its coffers in 2011. Takedown compliance by Xunlei and related services is low, at below 30%. Legal actions were filed by certain record companies against Xunlei at the Shenzhen Intermediate People’s Court in June 2009, but judgments are still pending.

<sup>25</sup> Xiami.com, a Zhejiang Province-based company, continues to operate its multi-platform infringing service in music portal, P2P application (“XiageShark,” through which users are encouraged to upload infringing music), and mobile applications that actively induce users to search for infringing music files hosted on Xiami’s servers for streaming and download. Xiami’s music portal is searchable and categorized by language (including Cantonese, Mandarin, English, Japanese, Korean, French, and German), by origin, by genre, and by mood.

<sup>26</sup> Blubster is a music-dedicated P2P service run out of Spain. A statistical analysis has confirmed that the vast majority of music being shared on the service is infringing. Blubster has a decentralized structure and no central indexing server, but it is operated by a group of companies and is not open source. The operators generate income through advertising and through sales of advertising-free client software. Spanish record companies brought legal proceedings in April 2008; the case has unfortunately suffered from lengthy delays and difficulties involving the initial judge sitting on the case. A new judge decided the case without having presided at the hearing, delivering judgment in November 2011, and dismissing the Spanish music industry group’s claims in their entirety. A decision on appeal is awaited.



- **Extabit.com** (Netherlands) is a download hub (hosting unauthorized copyright material for download) particularly popular in Southeast Asia and South Asia. Earlier this summer, payment provider PayPal stopped handling payments for the company.

### *Physical Piracy Notorious Markets*

Unfortunately, physical notorious markets remain extremely active, and IIPA's filing in conjunction with the filings of IIPA members list notorious markets involved in physical piracy and/or other illegal activities, including hard-disk loading of software, mobile device piracy, and distribution of devices that circumvent technological protection measures (TPMs). The following are a few illustrative examples of such markets.

- **China – Hailong Electronics Shopping Mall (Zhongguancun - 中关村), Beijing.** Hailong is one of the largest markets in Beijing hosting shops with bundled sales of hard drives loaded with counterfeit movies. Hard drives can be wiped and reloaded with new movies at a very low cost. Pirated DVDs are not difficult to locate find here.
- **Canada – Greater Toronto Area.** The Toronto area flea markets are a hotbed for counterfeit DVDs and other pirated copyright materials as well as circumvention devices. In 2011, approximately half a million counterfeit DVDs were seized by local law enforcement officers and over one million were seized in the first half of 2012 alone. With more than 30 vendors openly displaying counterfeit DVDs at various flea markets predominantly in the Region of Peel, this area is the most notorious venue in Canada to purchase pirated films on optical disc. Flea markets housing multiple vendors, which are now the major concern in the greater Toronto area, include 747 Flea Market, Brampton Town Market, 255 Queen Street East Market, Dixie 401/Flea Market, and Mississauga Flea Market. **Pacific Mall** is notorious for specializing in the circumvention of TPMs through modification devices (including installation services) for videogame consoles.
- **Jakarta, Indonesia – Harco Glodok.** Harco Glodok remains the largest and most active market in Indonesia for counterfeit optical discs of all types including music, games and movies in both DVD and Blu-ray format. Enforcement officials are reportedly reluctant to conduct regular enforcement actions.
- **Ukraine – Mayak Open Market (Donetsk) and Petrovka open Market (Kiev).** While counterfeit products appear to be diminishing, counterfeit movies are still burned on demand at Mayak's 40 kiosks and Petrovka's 20 kiosks.
- **Northern Ireland – Jonesborough Market.** Infamous within the UK, this market sits in an isolated area on the border of Northern Ireland and Ireland and is monitored by illegal traders who deploy counter-surveillance measures. As a consequence, any enforcement activity is difficult 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.



- **Thailand – “Red Zones,” including Panthip Plaza, the Klong Thom, Sapan Lek, Baan Mor Shopping Area, Patpong and Silom Shopping Areas, the Mah Boon Krong (MBK) Center, the Sukhumvit Road area (Thailand) etc.** These locations in Thailand are notorious for openly selling pirated and counterfeit goods, with the government even designating the areas as “red zones,” which are markets targeted for increased raids due to their high piracy and counterfeiting rates, and “yellow zones,” which are targets to be aware of for possible piracy activities.
- **Mexico – Tepito, Lomas Verdes, Salto del Agua, Bazar Pericoapa, and Toreo Markets (Distrito Federal), San Juan de Dios (Guadalajara), La Fayuca (Guadalajara).** Mexico has widespread and well-entrenched street piracy. The record industry estimates 100 million pirate music CDs per year are sold through an estimated 50,000 pirate sales points. With Tepito as the main warehousing and distribution center for infringing products in the country, these informal markets sell pirated and counterfeit goods connected to or purchased from organized crime syndicates. The software and game software industries are also harmed significantly by these markets.
- **Paraguay, Argentina, Brazil – Tri-Border Region including Ciudad del Este.** This region, with Ciudad del Este (CDE) forming the focal point between the three countries, remains a focus of street piracy full of burned copies of CD-Rs full of copyrighted content, pirated music, copies of business software, and illegal copies of pirated videogame software. Of particular concern to the entertainment software industry is the large number of game systems modified in the Tri-Border region that are later sold in Brazil. All can easily be found at the wholesale and retail levels, such as the San Blas municipal market at the foot of the Friendship Bridge. Brazil’s extensive border makes it very vulnerable to smuggling of all sorts of goods including drugs and pirated copyright materials.
- **Brazil – Brazil Markets, including Galeria Pagé (São Paulo), Camelódromo Uruguaiiana (Rio De Janeiro), Feira Do Paraguai (Brasília).** These markets in some of Brazil’s largest cities are particularly notorious for game piracy and console modifications.

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IIPA appreciates this opportunity to provide input to the Special 301 Subcommittee in this Out-of-Cycle Review regarding notorious markets for copyright piracy.

Respectfully submitted,

Michael Schlesinger  
International Intellectual Property Alliance