

INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE

2007 SPECIAL 301 REPORT

PERU

Special 301 Recommendation: IIPA recommends that Peru remain on the Watch List in 2007.

EXECUTIVE SUMMARY

Despite macroeconomic numbers that point to an improved economy in Peru, the copyright industries continue to have difficulties in commercializing their products due to piracy. These industries report that 2006 was a difficult year to obtain effective criminal and administrative copyright enforcement in Peru. Optical disc piracy is on the rise and street piracy remains uncontained. More police actions and administrative investigations are needed, prosecutors must pursue piracy cases, and judges should impose the deterrent-level sentences afforded in the criminal code. The government has yet to enforce its software legalization program within government agencies and illegal photocopying on university campuses continues. Border control remains weak. IIPA supports the Free Trade Agreement process and urges U.S. Congressional ratification of the U.S.-Peru Trade Promotion Agreement.

PRIORITY ACTIONS IN 2007

Enforcement

- Conduct regular and concerted anti-piracy actions at the black markets in Lima (specifically, Mesa Redonda, Avenida Wilson, Galerías Garcilaso de la Vega, el Hueco, Polvos Azules and Polvos Rosados) with enhanced support of the National Police (which should provide more policemen when requested by the Prosecutor) as well as on the streets of high-traffic areas, with particular attention given to Miraflores, San Isidro, and other middle class neighborhoods as well as other targeted cities in the rest of the country.
- Better coordinate efforts between the Copyright Office and local municipalities to revoke licenses granted to vendors selling pirate product and close black-market businesses.
- Perform in-depth investigations directed at closing down illegal replication facilities and warehouses of hard-good piracy.
- Support more administrative enforcement efforts by INDECOPI against piracy of business software, motion pictures (DVD and cable), books, entertainment software and music.
- Enforce the 2004 software legalization regulation (the December 31, 2006 deadline has been unacceptably extended to July 31, 2008) against those public agencies that did not comply with the business software inventory requirements and the licensing of such software.
- Involve INDECOPI, local and regional governments, the National Library and the Ministry of Education to take actions to halt unauthorized photocopying at universities.
- Dedicate significantly more resources to criminal IPR enforcement (e.g., budget reallocation, adding at least one additional special prosecutor, supporting the special IPR unit of the Fiscal Police -- *Division de Investigacion de Delitos contra los Derechos Intelectuales*, in particular with National Police support when large raids are conducted) as well as enhancing financial resources for INDECOPI.
- Pursue prosecutions and impose expeditious and deterrent sentences in piracy cases.

- Train the judges in the new four specialized IPR courts and new appeal court in Lima.
- Improve border enforcement to seize suspicious copyrighted products as well as raw materials (e.g., blank optical media) used in making those products.
- Increase the involvement of the tax authorities (SUNAT) in all anti-piracy actions, including end-user and retailer actions and coordinating with INDECOPI on border measures.
- Implement the Importation Register for importers of blank media and recording devices and equipment.

Legislation

- Work with the U.S. Government and copyright industries to properly and fully implement the FTA IPR obligations and the WIPO Treaties.
- Adopt a content protection system to protect digital audiovisual content to be broadcast and delivered by Digital Terrestrial Television effective measures from unauthorized re-distribution.

PERU Estimated Trade Losses Due to Copyright Piracy (in millions of U.S. dollars) and Levels of Piracy: 2002-2006 ¹										
INDUSTRY	2006		2005		2004		2003		2002	
	Loss	Level	Loss	Level	Loss	Level	Loss	Level	Loss	Level
Sound Recordings & Musical Compositions ²	53.5	98%	66.0	98%	68.0	98%	87.0	98%	70.2	98%
Business Software ³	27.0	70%	22.0	73%	22.0	73%	19.0	68%	14.7	60%
Motion Pictures ⁴	NA	NA	12.0	63%	4.0	75%	4.0	45%	4.0	50%
Entertainment Software	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Books	NA	NA	9.0	NA	8.5	NA	8.5	NA	8.5	NA
TOTALS	80.5		109.0		102.5		118.5		97.4	

The U.S. and Peru began FTA negotiations in May 2004, and negotiations concluded in December 2005. On January 6, 2006, President Bush notified the U.S. Congress of his intent to

¹ The methodology used by IIPA member associations to calculate these estimated piracy levels and losses is described in IIPA's 2007 Special 301 submission at www.iipa.com/pdf/2007spec301methodology.pdf. For information on the history of Peru under Special 301 review, see Appendix D at (<http://www.iipa.com/pdf/2007SPEC301USTRHISTORY.pdf>) and Appendix E at (<http://www.iipa.com/pdf/2007SPEC301HISTORICALSUMMARY.pdf>) of this submission. IIPA's prior country reports on Peru are posted on the IIPA website at <http://www.iipa.com/countryreports.html>.

² The lower recording industry loss estimate in 2004 was due to the fact that the average sale price per legitimate CD was lower; the number of pirate units remained unchanged between 2003 and 2004.

³ BSA's 2006 statistics are preliminary. They represent the U.S. publishers' share of software piracy losses in Peru, and follow the methodology compiled in the Third Annual BSA/IDC Global Software Piracy Study (May 2006), available at <http://www.bsa.org/globalstudy/>. These figures cover, in addition to business applications software, computer applications such as operating systems, consumer applications such as PC gaming, personal finance, and reference software. BSA's 2005 piracy statistics were preliminary at the time of IIPA's February 13, 2006 Special 301 filing; the 2005 data was revised and posted on the IIPA website in September 2006 (see <http://www.iipa.com/statistics.html>), and the 2005 revisions (if any) are reflected above.

⁴ MPAA's trade loss estimates and piracy levels for 2006 are not yet available. However, such numbers will become available later in the year and, as for 2005, will be based on a methodology that analyzes physical or "hard" goods and Internet piracy. For a description of the new methodology, please see Appendix B of this report. As the 2006 loss numbers and piracy levels become available, they will be posted on the IIPA website, <http://www.iipa.com>.

enter into this Trade Promotion Agreement with Peru.⁵ In June 2006, Peru ratified the TPA, leaving the U.S. to complete its ratification vote. The TPA offers a vital tool for encouraging compliance with other evolving international trends in copyright standards (such as fully implementing WIPO Treaties' obligations and extending copyright terms of protection beyond the minimum levels guaranteed by TRIPS) as well as outlining specific enforcement provisions.⁶ Peru currently is a beneficiary country of several U.S. trade programs which contain IPR standards, including the Generalized System of Preferences (GSP) and the Andean Trade Preference Act (ATPA), as amended by the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and December 2006 ATPA Extension Act.⁷ Once the FTA is in force, these trade benefits for Peru will end.

COPYRIGHT PIRACY IN PERU

Street piracy and optical disc piracy: Optical disc piracy is a major problem in Peru, harming the markets of almost all the copyright industries. There are entrenched black markets such as Polvos Azules, Polvos Rosados, Hueco and Mesa Redonda (which is located one block away from the police and Public Ministry's headquarters) where pirates operate during daylight with little risks of suffering raids. Indeed, during the last semester of 2006, the Specialized Fiscal Police and Prosecutor have not received support in the form of policemen from the National Police, who were requested with the purpose of organizing large raids against these black markets. Most of the pirate product is burned and copied in small-medium size replication facilities hidden in neighboring areas of these markets. Thousands of blank tapes and CD-Rs are smuggled into the country each week and then distributed for illegal duplication around the country.

The Copyright Office of INDECOPI reported that blank OD imports have decreased from 140 million copies in 2005 to an estimated 52 million during 2006. This does not necessarily mean that there is less blank media entering Peru. The reports do not indicate any increase or decrease in the imports of media with an uncertain destiny. Rather the data suggests that certain border measures have created incentives to smuggle the blank media into Peru as contraband, no longer being declared as imports. According to official 2005 customs statistics, the major blank media importer has moved to Iquique, a free port in the north of Chile, from which it is publicly known that significant amounts of contraband come to Peru.

Business software piracy: The business software industry reports that its most critical problem in Peru during 2006 was the illegal duplication of business software within small- and medium-sized private sector companies. OD piracy poses another challenge for this industry. Reseller piracy remains a significant problem too; illegal bazaars operate openly in high traffic areas in the center of Lima (Galerías Garcilaso de la Vega) with virtual impunity. Enforcement actions slowed in 2006 (see enforcement section, below). Preliminary estimated trade losses due

⁵ The President's letter gave Congress at least 90 days' notice before Bush signs the agreement. See Notice of Intention to Enter into a Free Trade Agreement with Peru, 71 Fed. Reg. 1679 (Jan. 10, 2006), at <http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/06-261.htm>.

⁶ The final text of the U.S.-Peru FTA IPR Chapter is posted on USTR's website at http://www.ustr.gov/Trade_Agreements/Bilateral/Peru_TPA/Final_Texts/Section_Index.html. Peru also signed four IPR-related Side Letters, including one on ISP liability and another on retransmission issues.

⁷ See IIPA's March 28, 2006 Comments to the U.S. International Trade Commission regarding the Peru Trade Promotion Agreement at http://www.iipa.com/pdf/IIPA_PeruFTA_Letter_to_USITC_032806.pdf. In terms of trade benefits Peru has received, during the first 11 months of 2006, \$160.8 million worth of Peruvian goods entered the U.S. under the duty-free GSP code, and an additional \$1.5 billion worth of Peruvian goods entered the U.S. under ATPA.

to business software piracy in Peru rose slightly in 2006 to \$27.0 million, and the estimated piracy level dropped slightly to 70%.

Record and music piracy: Over the last few years, the legitimate recording industry in Peru has nearly disappeared because of the high levels of piracy. Piracy of music and sound recordings still remains at one of the highest levels in the world. The only market left in the country is made up of a few retail stores in Lima. No major recordings have been produced in Peru over the last few years. Due to dwindling company resources, local artists have had very limited access to organized marketing and sale campaigns to offer their products. The end result is a poor market that does not support either local or international productions. With international support, the remaining companies in Peru still run an anti-piracy operation aimed at preserving what is left of the market. Estimated trade losses due to music and recording piracy in Peru were \$53.5 million in 2006, and the level of piracy continue to be 98%.

Book piracy: The book publishing industries report little change in the piracy situation in Peru for 2006. Large-scale photocopying (the most damaging form of piracy) remains at high levels. Furthermore, trade books of U.S. origin appear in pirated translations. Book fairs (*campos feriales*), including two large ones in Lima, often permit the sale of pirated books; some estimates place 90% of the books as being piratical. Such widespread piracy over the last decade has devastated the local book industry, causing bookstores to close and interfering with the ability of legitimate publishers to continue doing business; such embedded piracy also sends the wrong signal about the importance of cultural development. Some professional pirates have the ability to offer approximately 3,000 titles for sale. This commercial devastation contradicts the government's declaration about the importance of publishing, as found in the Law of the Book (Law 28086 of 2003) which recognizes the important public need to create and protect books and editorial products.

Audiovisual piracy: MPA reports that optical disc piracy of audiovisual programming continued to grow tremendously over the last year. Pirate optical discs are available even prior to theatrical release in Peru and are distributed in street markets, home delivery, newspaper stands and black market distribution centers. The industry's main concerns are the large black markets such as Polvos Azules Polvos Rosados y Hueco, which are especially difficult to address because of their political protection and their tendency to resort to violence in raids. Internet is becoming a bigger concern, although there are no statistics to show the exact extent of possible internet-based movie piracy in Peru. Interestingly, the theatrical market in Peru has increased despite the piracy problem. The home entertainment market, however, has been decreasing dramatically, due to both piracy and the closing of several stores of a major rental chain. Some supermarket chains are trying to get into the DVD sell-through market, and there may be some positive prospects there to help fill the gap in the legitimate video rental market.

Entertainment software piracy: The Entertainment Software Association (ESA) reports that pirated entertainment software products (videogame CDs and cartridges, and personal computer CDs) remain widely available in Peru's informal markets.

COPYRIGHT ENFORCEMENT IN PERU

Last year (2006) was an election year in Peru (Presidential and Congressional elections in May and June, and local and regional Governments elections in November), and some industries feel that that raised challenges for generating political and enforcement-related support needed to

engage in concerted, effective anti-piracy enforcement actions. Industry sectors report generally good cooperation with many (not all) Peruvian IPR agencies, but the main problem remains that results (lower piracy and effective deterrence) did not happen in 2006.

Peru has a number of agencies involved in anti-piracy activities. The appointment of the High-level Multi-Sectorial Commission against Contraband and Piracy, formed in 2004, and headed by the Ministry of Production and including 22 members from both the public and private sector, was extended for one additional year (through 2007); this does represent a political gesture supporting IPR enforcement activities. During 2006, this commission was a positive form in obtaining the appointment of the four special courts and one special appeal court with national jurisdiction on IPR crimes. However, it has to-date not be able to get SUNAT (the tax and customs authority) actively involved in anti-piracy operations.

BSA reports a good relationship with officials in the INDECOPI Copyright Office and with the IPR prosecutors. Even so, BSA notes that 2006 was a difficult year for enforcement against software piracy. MPA reports that its work with the *Cruzada Antipirateria* (a private association created by the audiovisual sector, including distributors, exhibitors, and video rental stores) continues to have good relationships with SUNAT, Policia Nacional (Cyber Crime Division and IP Special Unit), and the Ministerio Publico. Unfortunately, the *Cruzada* feels that the municipal authorities such as those in Lima Municipalidad have no commitment to fight audiovisual piracy. There is also little support from the Ministry of Interior, through the Policia Nacional (7th Region), for permanent enforcement activities to conduct raids in the major black markets such as Polvos Azules, Polvos Rosados, Hueco and Mesa Redonda. IFPI reports some improvement in general enforcement but with the added requirement of filing formal complaints.

Police actions: The copyright industries believe that members of the Peruvian police forces still protect the pirates of Mesa Redonda. Unfortunately, the special police unit trained in IPR enforcement matters is ineffective in handling street piracy. The copyright industries agree that there is a strong need to allocate public resources to support the special IPR unit of the Fiscal Police (*Division de Investigacion de Delitos contra los Derechos Intelectuales*) in order to conduct effective anti-piracy investigations and to compromise the effective support of the National Police (7th Region) providing troops when large raids are to be conducted in the above referred black markets. Three industries report their experiences in 2006, below.

BSA reports that 2006 was not a good year for its enforcement activities. *Ex officio* enforcement actions, in particular large raids against black markets such as Polvos Azules, Polvos Rosados, Hueco and Mesa Redonda by both the police and INDECOPI, significantly decreased during 2006. The Fiscal Police Special IP Unit basically stopped running large raids since May 2006, likely due to the lack of government support of the uniform police forces; it was likely also due to election year politics which halted anti-piracy momentum. Large *ex officio* or *ex parte* raids, regardless of the copyright sector, have not resumed after the elections.

MPA has an active campaign in Peru, working through the *Cruzada Antipirateria*, with both INDECOPI and the Federal Police. MPA reports that for the first nine months of 2006, its campaign undertook 63 actions against stores, arresting 2 people, seizing 462,000 blank optical discs and 182,000 pirate burned DVDs and jewel boxes.

The music industry reports an increased level of anti-piracy operations in 2006 mainly coming from the special IPR prosecutor in Lima, Pablo Seminario. Mr. Seminario's office has been willing to conduct weekly street raids in selected parts of Lima to limit the availability of pirate product around viable commercial centers. The local industry welcomes these actions despite the

drawback that it doesn't generate arrests or convictions. In addition, the anti-piracy group has been able to promote actions against major pirate centers such as "El Hueco" and "Las Malvinas". The anti-piracy campaign seems to be taking a turn for the better compared to 2005 but it still lacks the greater frequency in actions and sentences with effective jail time needed to generate a real impact in the market. The industry hopes that the number of actions increase in 2007 and target major pirate markets. They also see favorably the changes in criminal code procedures currently taking place as it may facilitate and expedite sentencing and jailing major pirates. Over the last year, authorities with support from the local anti-piracy team have been able to seize 5.7 million units of recorded optical discs and 2.6 million of blank units. In addition, 30 persons were sentenced for piracy that did not carry effective jail terms.

INDECOPI's administrative efforts: INDECOPI continues to experience problems due to limited resources; it is supposed to be self-funding from the income it gets from patent and trademark registrations and from the fines that its administrative bodies are permitted to impose. However, significant fiscal restrictions have adversely affected *ex officio* enforcement activities. Additional resources should be allocated to support INDECOPI's enforcement efforts.

The business software industry has relied significantly on administrative actions by INDECOPI against end users, since civil and criminal actions can last for years without having any deterrent impact on the market for pirate copyrighted products. BSA reports that, on a positive note, INDECOPI and Municipalities have used its new powers in two opportunities to temporarily close the premises of bazaars caught in illegal business software reproduction and marketing. More examples like these would contribute to increase the perception of effective enforcement in the country. BSA reports that in 2006, INDECOPI organized several trainings in software compliance and licensing for Governmental Agencies. This contributed to generating a climate of compliance among these agencies' public servants and a comprehensive knowledge of the government guide for software management approved in 2004. However, INDECOPI still, in 2006, has no authority to force an inspection when the defendant denies access to INDECOPI. As an administrative entity, INDECOPI needs express authorization from a court to enter in the face of such a denial. This lack of authority has encouraged some defendants to deny access to INDECOPI, with the expectation that the amount of the fine to be imposed by INDECOPI for such denial would be smaller than the compensation and fines faced had the inspection occurred. INDECOPI should seek for a solution using its current faculties, for example imposing deterrent sanctions to avoid this conduct in the future and seizing all means used to infringe software companies rights. INDECOPI has been effective in imposing fines on end-users that first reach a settlement with BSA but later choose not to comply with the settlement terms.

The book publishing industry believes it is critical that, in addition to criminal efforts, the administrative agencies of INDECOPI and the Copyright Office initiate investigations and punish those individuals and businesses involved in book piracy. INDECOPI should also work jointly with local and regional governments, as well as with the National Library and the Ministry of Education.

Criminal prosecutions remain few: Prosecutors have been unable to move copyright cases. Peru still has two IPR prosecutors who work with INDECOPI when requested to do so. Unfortunately, these IPR prosecutors have restrictions on their jurisdiction, in that after they file the complaint (which happens with an excessive delay of 4 to 6 months after the raid), the case goes to a general prosecutor's office instead of staying under the responsibility of the specialized IPR office. This situation, along with the fact that there have not been any specialized IPR courts for copyright cases, have historically lead to suspended sentences and non-deterrent penalties (see discussion below on courts).

Non-deterrent results in the criminal courts: Few criminal cases reach the Peruvian judiciary, and if they do, judges do not impose deterrent sentences. What happens in practice is that the Peruvian Criminal Procedure Code permits sentences of four years or less to be suspended. As a result, the courts usually suspend the defendant's sentence in copyright cases. This sad practice continued even after the 2004 amendments to the criminal code, which provided an increase of minimum sentencing to four or more years for copyright infringements.⁸

Industry hopes that the appointment of four special courts and one special appeal court with national jurisdiction on IPR crimes in November 2006 will improve the enforcement environment in Peru this year. In addition, industry hopes that amendments made in November 2006 to the criminal code to penalize recidivist offenders with stronger sanctions and establish additional penalties for more crimes will also give both prosecutors and judges more legal groundwork to pursue and impose deterrent sentences.

Border enforcement weakened in 2006: Border measures in Peru are simply inadequate to stop the flow of pirated material into the country. Interventions by customs authorities to seize suspect shipments are few. Border interventions during 2006 conducted by INDECOPI's representative at Customs have decreased in quantity and quality. INDECOPI has convened to a working committee to try to identify the cause of this phenomenon. Several steps could be taken to improve this situation:

- Peruvian customs, by an internal directive or some regulatory means, should impose strict controls to check the legitimacy of IP goods entering and leaving Peru (e.g., music CDs, videos, business software, videogame software on all platforms, including CD-ROMs, personal computer CD-ROMs and multimedia entertainment products). Customs can consult with industry associations and local representatives about suspect shipments. Many of the copyright industries have participated in training aimed at Peruvian customs officials.
- Customs should pay special attention to the value of the goods that are used as raw materials for the production of copyrighted products, such as recordable CDs, blank tapes, blank videos, etc., that enter Peru with what appear to be under-declared values. By a November 2005 resolution, the Customs Authority included blank media in a special regime (withholding of VAT) by which every importer shall pay in advance the VAT of the reseller of such merchandise, in addition to its own VAT.
- SUNAT should implement its obligation under the 2004 criminal code amendment to create an Importation Registry where persons or companies importing, producing, or distributing duplicating equipment or blank optical media discs must register.
- INDECOPI and SUNAT signed an agreement of mutual cooperation and support on August 18, 2004. Both agencies agreed to coordinate actions to enable customs authorities to identify infringing products more efficiently and to prepare joint anti-piracy media campaigns. MPA reports that that customs does report to INDECOPI all import operations related to optical discs and other goods that could be used in piracy. INDECOPI has an inspector working with Customs, who is in charge of checking the importation of blank media. That inspector reports to INDECOPI's director any irregular operations, and as necessary, INDECOPI takes administrative action or denounces the irregular activity to the IPR prosecutors.

⁸ An ESA member company reports that several of its cases remain stagnant within the court system, with some dating back to 2000.

COPYRIGHT LAW AND RELATED ISSUES IN PERU

1996 Copyright Law and TPA implementation: Peru's copyright law (Legislative Decree No. 822) entered into force on May 24, 1996. This comprehensive legislation raised the level of protection toward the standards of both TRIPS and the Andean Community Decision 351 (1993). The Peruvian law contains a broad scope of economic rights, as well as some of the highest levels of criminal penalties in Latin America. Peru already has deposited its instruments of accession to both the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT).

Given the higher standards of copyright obligations and enforcement measures contemplated in the TPA, Peru will have to make additional reforms to its copyright law in order to fully comply (the TPA does contain transitional periods). Additional reforms to the copyright law will have to include: comprehensive protection against the circumvention of technological protection measures and rights management information, statutory damages, presumption of ownership, ISP liability and notice and takedown provisions, *ex officio* border measures, and *ex parte* seizure of infringing products.

2004 criminal code amendments increased sanctions: Peru's criminal code was amended in 2004 by Law No. 28,289 which increased criminal sanctions to a minimum of four years of prison and a maximum of eight years of prison for those who commit copyright infringement. The law also restricts judges' powers to suspend criminal sentences.

2006 criminal code amendments (Law No. 28,726 and No. 28,730): These amendments to the Criminal Code penalize recidivist offenders with stronger sanctions and established additional penalties for more crimes.

Customs and the 2004 criminal code: The 2004 criminal code amendments also included several provisions to address customs crimes and piracy. The law created a permanent commission to fight customs crimes and piracy, designating SUNAT as the secretary of this commission. The law requires Customs officials to give INDECOPI all necessary support to help it fulfill its mission. It also created an Importation Registry where persons or companies importing, producing, or distributing duplicating equipment or blank optical media discs must register. The registry is supposed to be administered by SUNAT, however SUNAT did not activate such registry during 2006.

New IPR courts in Lima: New Federal Ordinance No. 122/2006 gave federal jurisdiction to some courts to analyze customs and tax crimes against intellectual property. This law also created the four new courts.

Levy on imported blank media: SUNAT Ordinance No. 224/2005 created a levy ranging from US\$ 0.03 to 0.06 per unit of blank optical media imported. The industries have attempted to collect this levy but with major difficulties. Equipment and blank media Importers are unwilling to pay. The industries see an apparent increase in contraband to avoid this levy as well as importation related VAT's. The copyright office seems to show some concern over this issue and has begun to take some *ex-officio* actions against delinquent importers. We encourage additional enforcement in this area.

Digital terrestrial television: In 2006, Peru announced that will adopt and implement a digital terrestrial TV system. Peru has not yet announced which standard it will adopt. MPA calls attention to the need to select a method of protection against unauthorized re-distribution of digital broadcast signals over the Internet, as critical to guaranteeing the future viability of this sector.

Law of the Book 2003: The Law of Democratization of the Book and the Development of Reading (Law No. 28086) was enacted in October 2003, with the goals of protecting the creation and distribution of books and similar editorial products. The law also has goals of improving access to books, promoting the national library system, and promoting the conditions necessary for the legal production of the books, among others. The law created an entity known as PROMOLIBRO (*el Consejo Nacional de Democratización del Libro y de Fomento de la Lectura*), within the Ministry of Education

Government software asset management deadline of December 2006: BSA urges the Government to implement the software guide and the decree as swiftly as possible. The Government should enforce this regulation by punishing public servants that did not comply with the business software inventory requirements and the licensing of such software used in the respective public entity. To review, on February 13, 2003, the Peruvian Government published the Government Software Legalization Decree, Decreto Supremo No. 013-2003-PCM. The decree states that all public entities should use legal software and, to that end, these entities must establish effective controls to ensure legal use of software. The decree specifies that government agencies must budget sufficient funds for the procurement of legal software, and set a deadline of March 31, 2005 for government agencies to provide an inventory of their software and to erase all illegal software. The decree also delineates clear lines of responsibility and mechanisms for ensuring compliance with its provisions: the chief technology officer or other designated official must certify compliance. The decree also provides for education campaigns aimed at public employees to inform them about licensing provisions and the content of the Legalization Decree, and further requires INDECOPI to publish a guide to ensure efficient software administration in the public sector. INDECOPI published the government guide for software management in 2004. The Government issued Supreme Decree 037-2005-PCM in May 2005, postponing the enforceability of the agencies' obligations to provide an inventory of their software and to erase all illegal software until December 2006. Once again, on January 11, 2007, the Government issued Supreme Decree 002-2007-PCM, postponing the enforceability of the Decree 013-2003-PCM until July 2007. This three-year delay in enforcing this decree is unjustified.

IPR TRAINING AND PUBLIC AWARENESS

During 2006, BSA organized and sponsored several training seminars, and expects to continue this training effort in 2007, directed at the newly appointed four IPR courts. Many of these seminars are conducted with INDECOPI, to train chief technology officers of several Government Agencies in their software management obligations. BSA sponsored and organized, along with the pharmaceutical industry and the U.S. and Swiss Embassies, the XI International conference on IPR, which was the most important IP conference organized by the private sector in 2006. Finally, BSA organized and sponsored an IPR seminar for criminal judges; judges and prosecutors attended this event.