

Industry Laments Digital Piracy

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LOS ANGELES — Less than a week after a pirated copy of the unreleased movie “X-Men Origins: Wolverine” popped up on the Internet, federal legislators and entertainment executives presented an extraordinarily bleak picture of the damage digital piracy can inflict, and the grim prospects for limiting it.

At a Monday morning Congressional field hearing here, lawmakers and executives both described a deteriorating situation in which \$20 billion annually in copyrighted movies, music and other entertainment are being lost to global piracy networks that are tolerated or encouraged by countries like China, Russia, India and — in a case that drew special attention — Canada.

Representative Howard L. Berman, a Democrat from the Los Angeles area who conducted the hearing as chairman of the House Committee on Foreign Affairs, said he planned to offer legislation that would “begin to elevate the attention” given to foreign piracy, but offered no specifics.

Representative Brad J. Sherman, another Democrat of California, said at one point that countries that failed to stem the theft of United States copyrighted material still had full access to American markets for their own wares. “That will get very controversial,” Mr. Sherman said.

A panel of entertainment executives and others chronicled what appeared to be a largely failing effort to stem the illegal sale of copyrighted material in an increasingly wired world.

Richard Cook, the chairman of Walt Disney Studios, traced an elaborate chain of events under which the studio’s animated hit “Wall-E” was duplicated by a camcorder at a theater in Kiev last July. In less than a month, he said, the single copy was traced to illegal sales in more than a dozen countries.

Zach Horowitz, president and chief operating officer of the Universal Music Group, estimated that only one in three music CDs and one in 20 downloads around the world are sold legitimately.

Mr. Horowitz and others drew particular attention to Baidu, a Chinese search engine that offers links to sites offering pirated material.

“It’s time to bring the hammer down,” said Representative Dana Rohrabacher, Republican of California.

Yet no one on the industry panel offered a proposal when Mr. Rohrabacher asked them to describe a measure that might, for instance, persuade Canada to change a policy under which large shipments of illegal movies and music, according to the legislators and executives, are permitted to pass from that country to the United States.

One of the strongest possible measures was offered by Steven Soderbergh, who testified as a vice president of the Directors Guild of America. He proposed that the entertainment industry be “deputized to solve our own problems,” under a model that is being tried in France.

Pressed later for details of the French plan, Mr. Soderbergh stumbled a bit and said he was not quite sure how it might work.

People who have worked closely on Hollywood copyright issues described a French-like solution as a plan under which those who believe their copyright has been infringed might ask an Internet service provider to send successive warnings to an illegal downloader.

If the warnings fail, the downloader might then be barred from using the provider for a time and be placed on a national registry that would block access to other providers.

To pass laws with similar steps in the United States “is going to be tricky,” Mr. Soderbergh acknowledged during the hearing.