



## Legal Highlights

# GrayZone Digest

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. In 1996, The Motion Picture Association (MPA) logged the confiscation of more than 5 million videocassettes worldwide, compared with 2.9 million in 1995. Investigations doubled to 42,547, and the number of recorded raids globally jumped 35% to 16,291. MPA spokeswoman Marisa Pickar said a big reason for the jump in seizures was the expansion of enforcement programs to more countries, most notably China, which is considered by U.S. authorities to be the most pervasive piracy offender in the world.

(Reuters/Variety, March 13, 1997)

### Atlanta

Cable TV Pirate Hit With \$25.4 Million Judgment in U.S. District Court. A U.S. District Court judge in Atlanta has awarded Scientific-Atlanta Inc. a combined \$25.4 million judgment against a major seller of altered cable set-top terminals, although Scientific-Atlanta expects to be able to collect only a nominal amount.

In the civil action, Jeffrey Fenley, an individual doing business as National Electronic Wholesalers, Santa Monica, California, was ordered to pay Scientific-Atlanta monetary penalties and damage of \$21.3 million for violating the Federal Cable Communications Policy Act of 1984, which bars the sale of altered set-top terminals for gaining unauthorized access to cable service, and \$4.1 million for infringing on Scientific-Atlanta's trademark and for false advertising. National Electronic Wholesalers also was issued a permanent injunction barring it from advertising or selling any device for gaining unauthorized access to cable service. (PRN Newswire, March 25, 1997)

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## Worldwide Update

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### China

#### Beijing

#### **Microsoft in China Software Deal**

Microsoft Corporation and Legend Group, China's leading computer manufacturer, signed a software licensing agreement on March 18 that will improve protection against copyright pirates.

Under the agreement, Legend will install Microsoft's Windows 95 in Chinese in its computers, the two companies said. Charles Stevens, a Microsoft vice president, said it was the U.S. company's most significant software agreement in China. Legend and Microsoft said the agreement demonstrates China's determination to guard against piracy.

Piracy of computer software, audio and video cassettes and other intellectual property was long a source of friction between Beijing and Washington. Li Qin, Legend's general vice president, said that by offering computers with Windows 95 already installed, "we not only ensure the true and genuine application of legitimate software, but also reduce the consumer's initial investment and protect its subsequent value."

(The Associated Press, March 18, 1997 / Reuters, March 18, 1997)

### **Hong Kong**

#### **Jackie Chan Aims at Video Law**

Martial artist Jackie Chan wants to amend a proposed law that will allow companies to distribute compact discs and videotapes copyrighted by other firms. Chan was one of about 150 actors and recording artists demonstrating against the law in Hong Kong recently, saying it would devastate the industry. Hong Kong lawmakers are considering the change. Protesters said the move would encourage piracy, already a serious problem in Hong Kong and China.

(The Associated Press, March 20, 1997)

### **Beijing**

A New York Times article concerning House Speaker Newt Gingrich's recent visit to China was accompanied by a picture of a steam roller crushing pirated videocassettes and CDs. The caption read, "China Tries to Show Anti-Piracy Drive is Still Rolling."

(The New York Times, March 29, 1997)

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## **Netherlands**

### **Amsterdam**

Officials at Amsterdam's Schiphol Airport reported that on March 21 they seized 96,000 illegal compact discs in a shipment from Bulgaria. Dutch Customs and Dutch Author's Society Buma/Stemra claimed the counterfeit CDs were worth an estimated retail value of \$2.4 million and were most likely destined for the European market. The shipment, which included new material from U2, No Doubt and David Bowie, is the biggest ever seizure of counterfeit CDs in the Netherlands.

(Reuters/Variety, March 26, 1997)

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## **United States**

The Novell anti-piracy group donated materials seized during a raid to a Brooklyn junior high school. Novell refurbished six personal computers seized in an October

1995 raid of the Pits BBS and outfitted them with legal software for the school.  
(Reuters, March 19, 1997)

### **Washington**

The Recording Industry Association of America's (RIAA) year-end anti-piracy statistics indicate that music piracy in CD format is expanding rapidly, and in 1996, seizures of piratical music in CD format overtook cassette seizures for the first time. Bootlegs constituted the bulk of seized CDs, which grew 1300% from 84,965 in 1995, to 1,261,961 in 1996. Traditional cassette piracy continues to wane but Latin music dominates cassette piracy, accounting for 80% of seized product. (RIAA Press Release, March 12, 1997)

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## **Internet**

### **Washington**

The Association of Online Professionals (AOP) has recommended a revised set of guidelines in the Software Publishers Association's (SPA) Internet Anti-Piracy Campaign (IAPC) to its nearly 1,000 members worldwide. The guidelines are part of an SPA program to promote responsible use of the Internet and protect the rights of copyright holders.

Seeking to maintain SPA's long-standing tradition of balancing education and enforcement, the Internet Anti-Piracy Campaign at <http://www.spa.org/piracy/iapc.htm> contains substantive information for both server operators and end users. Included on the site are Guidelines for Copyright Protection, a Copyright Glossary, an explanation of copyright law's application on the Internet and other valuable resources.

"SPA welcomes the cooperation of AOP and other members of the Internet community in tackling this important issue," said Peter Beruk, director of domestic anti-piracy. "Internet piracy is a sizable problem, which may only be resolved by working together." (Software Publishers Association Internet Site: <http://www.spa.org/>, March 12,1997)

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