

Bollywood Pirates

Piracy gnaws
at Indian movie
profits, leaves
filmmakers
anxious.

By RAMOLA TALWAR BADAM

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Steamrollers crush two million pirated copies of CDs, DVDs and cassettes of films and music at Camp Crane, in suburban Quezon City, displaying Philippines government resolve to curb piracy.



Bollywood's biggest nightmare is not dud films or empty cinema halls, but men in by-lanes across India who ask passersby, "CD? DVD? Games? You want?"

They lean against wooden handcarts on which are propped a range of covers of the latest Indian movies such as *Black*, *Veer-Zaara* and older films such as *Dilwale Dulhania Le Jayenge*.

These makeshift shops line sidewalks in downtown Mumbai's busy business district. When a curious potential customer inquires about a movie, the hawker scoots away and returns with an armful of CDs and DVDs. The hawker generally peddles more than one movie since the disks are priced at less than half the cost of the original.

The hawkers generally display empty covers of movie disks. They stock pirated versions nearby in order to duck police raids. Hollywood movies from *The Incredibles* to *The Lion King* are also on sale. "It's cheaper so why wouldn't people buy?" asks one hawker, reluctant to give his name. "It's OK for the big shots to say we shouldn't be selling. But this is our bread and butter."

Indian filmmakers say their share is shrinking. They say pirated films account for at least 50 percent of the revenue loss in a movie industry that produces more than 900 films a year. The revenue of the Indian movie industry, including overseas rights and music rights, is estimated at \$1.3 billion, according to the Federation of Indian Chambers of Commerce and Industry (FICCI). The trade body forecasts the industry will grow to \$2.9 billion by 2009.

But Bollywood's growing popularity abroad means more money in the pirates' pockets. Pirated disks are easily available in most Indian cities and the growing appetite for illegal disks in countries such as Britain, the United States and Pakistan has filmmakers worried.

"I've seen my movies pirated in streets abroad and it makes my heart bleed because it means I'm not getting my rightful share," says producer Mukesh Bhatt. "It's a major, major problem. One master disk is all you need for duplication." Bhatt says he first thought piracy was the highest in India, but was "alarmed to note" it's as prevalent in the United States and Britain.

To check the drain on profits, one of India's most successful production houses, Yashraj Films, decided to go after the pirates with help from the police. After the firm set up offices in Britain in 1997 and a year later in the United States, it worked with the local police to identify shops stocking pirated disks.

Over the past two years spice and gift stores in Chicago, California and Virginia have been raided. In Britain pirated disks have been seized from video stores and grocery shops in Southall, Wembley, East London, Manchester and Bradford. But despite anti-piracy initiatives and codes written into disks to make duplication difficult, piracy is rampant, says Avtar Panesar, head of global operations for Yashraj Films. He estimates the Indian movie industry loses between \$30 million and \$50 million every year to piracy. The company lost nearly \$1.5 million in DVD sales alone for *Veer-Zaara*, a romantic saga about a boy from India and a girl from Pakistan.

Films in India are often pirated from the actual prints or masters; counterfeiting from the original DVDs occurs later. "By

which time they [the pirates] have made their money and moved on to the next one," says Panesar. "Right now the pirates control 70 percent of the market, so survival is getting tougher."

Offenders in Britain and the United States have been slapped with fines as high as \$50,000 and jail terms of up to three years, he says. In India lawbreakers have been jailed for up to two years, but most are let off with fines of Rs. 1,000.

"The private sector is making a strong effort to curb IPR [intellectual property rights] piracy in India and is urging the Government of India to work with them to address this problem," says Andrew Haviland, a first secretary in the Economic Affairs section of the U.S. Embassy in New Delhi. "IPR enforcement is in India's interest. It is a problem that requires both interagency and international cooperation."

India remains on the U.S. Trade Representative's Special 301 Priority Watch List, primarily because of weak IPR enforcement that negatively affects the copyright industry in general. The latest Watch List report says, "India took a significant positive step toward strengthening patent protections when it promulgated a temporary Patent Amendment

STOP!

Strategy Targeting Organized Piracy, or STOP! is a coordinated, U.S. government-wide initiative begun in October 2004 to empower American businesses to secure and enforce their intellectual property rights in overseas markets, stop fakes at U.S. borders, keep global supply chains free of infringing goods, dismantle criminal enterprises that steal intellectual property, reach out to like-minded trading partners and build an international coalition to stop piracy and counterfeiting worldwide.

Some aims of the program:

- Establishment of a one-stop hotline for businesses to get information and help in enforcing their trademarks, patents and copyrights.
- Expose pirates and counterfeiters by publishing the names of firms that deal in fakes.
- Encourage companies to exercise their rights, including private seizures of fakes within the United States, when accompanied by federal marshals with seizure orders or injunction notices.
- Work with like-minded governments to conduct joint enforcement actions and share information on the movement of fake products.

Ordinance at the end of 2004 and then passed permanent legislation in early 2005.” But the report says enforcement remains weak in border protection against counterfeit and pirated goods, police action against pirates, following up raids with convictions, speedy dispositions and deterrent sentences. The report says that the U.S. copyright industry estimates lost sales arising from piracy in India of American motion pictures, sound recordings, musical compositions, computer programs and books totaled about \$500 million in 2004.

Sustained cooperation between movie, music and software producers across national borders can keep pirates on the run. In March, raids by the Dutch police in Rotterdam uncovered more than 140,000 pirated CDs and DVDs of Indian movies and music in 13 shops. “These are organized criminals,” says Matt Phillips, communications manager at the London-based British Phonographic Industry. He says consignments are often shipped across Europe.

In many cases in India and abroad, disk writing equipment to replicate movies and music has been seized by law enforcement agencies. Disks are also smuggled overseas in airline hand luggage. “There have been cases of DVDs being smuggled in by airline passengers in suitcases,” said Phillips. “It’s difficult to stop this.”

In Pakistan federal investigators this May seized more than 400,000 pirated disks and cassettes and 10,000 master disks and shut down six illegal plants in Karachi. “These illegal factories were producing hundreds of thousands of copies of Bollywood and Hollywood movies and music, software games, everything,” says Willem Van Adrichem, the Dubai-based regional coordinator for the International Federation of Phonographic Industry (IFPI). He says there are major efforts in India and Pakistan to clamp down on piracy. “We have indications that there are very close contacts between organizations in India and Pakistan who exchange the masters and bring them to Pakistan,” says Adrichem, who heads the IFPI’s efforts in Southwest Asia, North Africa and the Middle East.

The IFPI represents the recording industry worldwide and has members in more than 75 countries. The organization conducts seminars on piracy and holds training sessions for customs and police officers in India to exchange information on piracy methods. Adrichem says Hollywood movies showing in cinemas in the United States are available within days in DVD format abroad. The movies are recorded in American cinemas and smuggled abroad, he says.

Hasan Zaidi, Pakistani filmmaker and organizer of the Karachi film festival, says it’s easy to buy CDs and DVDs of pirated Indian movies in video shops in Pakistan in spite of a ban on Bollywood films across the border. “You get DVDs very easily all over Pakistan. Raids won’t make piracy go away but will make it difficult,” said Zaidi. “It can definitely be curtailed.”

Daniel Glickman, chief executive of the Motion Picture Association of America, stresses the need for cooperation between the police, judiciary and lawmakers. “This is a problem that could destroy the film industries of India and America,” he told filmmakers in Mumbai at a recent international conference



An officer of Pakistan’s Federal Investigation Agency displays confiscated pirated compact disks, including Bollywood films. Investigators this May seized more than 400,000 pirated disks and cassettes and 10,000 master disks and shut down six illegal plants in Karachi.

on entertainment industry. “Piracy affects not just Hollywood and not just the big films. It affects local filmmakers too.”

These voices are gradually being heard. Apart from global initiatives, FICCI has helped set up a panel comprising representatives of the movie and music industries along with government officials. The panel is drafting tougher anti-piracy legislation and FICCI is also organizing seminars for judges and the police to help them understand the extent of the spread of piracy. “Piracy is affecting our industry and country. We need a multi-pronged attack,” says Siddhartha Dasgupta, head of FICCI’s entertainment division. “Educating consumers is also important—telling them it’s equivalent to stealing.”

Despite their best efforts, anti-piracy activists know it’s an uphill task. Pirated movies are watched not just by the average consumer, but also by people in the movie business.

During the international entertainment industry meeting in Mumbai, a representative from a neighboring country proudly told his hosts that his “contacts” helped him see Bollywood movies on the same day as the India release. He was oblivious to the exasperation of his hosts.

Cut back to the most visible form of piracy—the men on Mumbai’s sidewalks who aren’t threatened by anti-piracy drives. They reel out a list of reasons why their business won’t suffer.

“It’s not like we’re selling fake drugs that can kill people or fake products like creams or soaps that can harm people,” says hawker Mahesh, who uses only one name. “A pirated movie doesn’t hurt the customer. It helps his pocket. So why would people stop coming to us?” □

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