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Alston & Bird LLP

Hollywood studios settle over Chinese café piracy

Columbia Pictures, Paramount Pictures, Universal Pictures, 20th Century Fox and Walt Disney Pictures have reached a settlement with Beijing Jeboo Interactive Science & Technology Co, a Chinese internet firm accused of providing cyber cafés with illegal copies of their movies.



Lara Holzman

Together, these companies sued Jeboo and one of Jeboo's customers, the Shanghai East Cyber Café Tongxin Road Shop Co Ltd, for copyright infringement in Shanghai. The suits were filed in September and December 2007 and contained allegations that Jeboo was supplying internet cafés with computer software that allowed users to download and watch illegal copies of 20 Hollywood movies, including *Hitch* and *Pirates of the Caribbean 2: Dead Man's Chest*. This settlement would resolve these pending lawsuits.

Although the Motion Picture Association (MPA) has stated that the actual terms of the settlement are confidential, it reports that Jeboo paid a "significant" amount in compensation and has apologized. Last year it was reported by China.org.cn that the studios were demanding an "official apology" and more than Rmb3.2 million (approximately \$433,000).

Jeboo runs Jeboo.com, the largest online cinema in China. According to data from CCID, a Chinese internet research firm, China had 123 million internet users as of June 2006, of whom about 37 million go online in cyber cafés. Of those who surf in cafés, about 76% use the Internet to watch movies and other streaming audiovisual content. The MPA claims that more than 90% of DVDs in China are pirated and estimates that piracy in China costs US studios \$244 million and Chinese studios \$2.4 billion in lost box office revenue in 2005, the last year for which figures were released by the MPA.

China.org.cn also reports that according to an anonymous senior insider, these lawsuits were carefully planned and may be a first step towards a campaign safeguarding copyrights in China's network industry.

Lara A Holzman, Alston & Bird LLP, New York

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