

# do you **copy**?

**JUNE 2008**

## **2.1 million Pirated Films Seized at OR Tambo International Airport**



The Border Control Unit of the South African Police Service inspected a number of large consignments at OR Tambo International Airport in Johannesburg over the New Year period that resulted in the biggest ever seizure of pirated films in South Africa.

Four consignments totalling 66 pallets, ex Dubai, en route to Nigeria consisted of 321 pieces in which some 78,215 pressed DVD's were found.

On inspecting the DVD's SAFACT found that all the discs contained multi-titles, up to 28 per disc, of member product.

The total number of films on the DVD's exceeded 2.1 million

Whilst the non film contents of the consignments are scheduled for release to the owner's representative, who denied ownership of the DVD's, all DVD's seized are scheduled for destruction during May.

Two other consignments bound for the same recipient in Nigeria were despatched before inspections could take place, a total of 119 pieces.

Subsequent seizures from pirates in various parts of South Africa were of the same format as those seized at ORTIA confirming our suspicion that the ultimate destination of a large part of the consignments was in fact South Africa.

The product seized at ORTIA had a street value of R8 million whilst the value of potential lost sales to the industry is in the region of R189 million



The vigilance of the Police unit involved in the seizure is commendable and a testament to the excellent working relations between SAFACT and the law enforcement community, responsible for ports of entry, established and maintained by Jacques Allers, SAFACT's Deputy Director; Cross Border.



## **Report Pirates**

Phone: **086 22 55 050**

SMS: **32211**

E-mail: **info@safact.co.za**

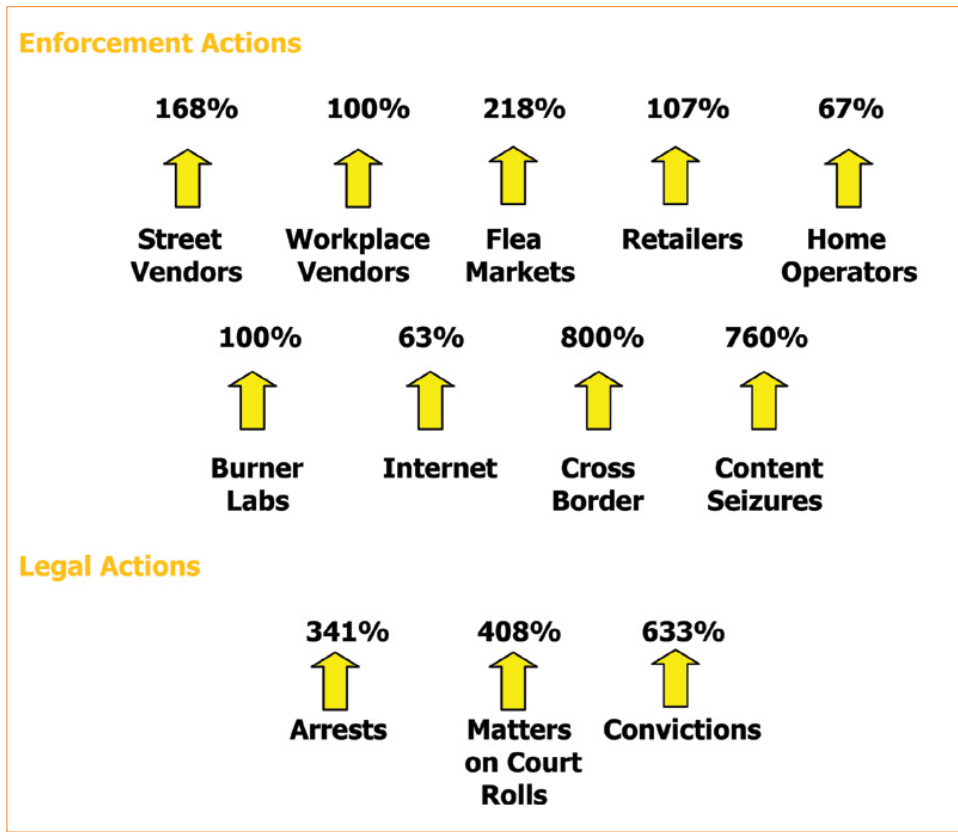
SMS a report on piracy activity to 32211 by sending the word "Piracy" followed by your report. Please include:

- Type of piracy (DVD, Video, CDs, Software)
- The physical location of the sighting
- Name of the business and/or person involved

All SMS reports are charged at R1 Excl. VAT. Free SMSs do not apply.

## SAFACT PIRACY THREAT ASSESSMENT AND ENFORCEMENT RESPONSE

1st Quarter 2008  
(Compared with 1st Quarter 2007)



### Investigation into Pirating of "Poena is Koning" Completed

Following complaints from the producer and distributor of the comedy "Poena is Koning" SAFACT undertook an investigation to identify the source of the piracy and any contributing factors that need to be addressed in order to minimize the possibility of any future productions being pirated.

The investigation traced the films progress through post-production, conversion for digital cinema and DVD rental release.

Several areas of concern were identified but it would appear that the most likely source of the pirated

copy made available on the internet came from a rental copy.

### Film Piracy

A noticeable decline in availability of pirated films in traditional markets is encouraging but a great deal still needs to be achieved particularly in those areas not previously the focus of major anti-piracy actions.

Increasing access to the internet poses a significant threat to the industry, initially in respect to popular TV series but the downloading of full length feature films will become more prevalent as bandwidth increases and costs decrease

Movie box sets are also increasingly popular with pirates.

## SAFACT Members



NuMetro Cinemas



NuMetro Film Distribution



NuMetro Entertainment



NuMetro Home Entertainment



NuMetro Interactive



Ster Kinekor Theatres



Ster Kinekor Distribution



Ster Kinekor Home Entertainment



Ster Kinekor Games

## Enforcement Activities

A record quarter in all areas as new staff, evolving procedures, improved relations and increased commitment of law enforcement agencies gather momentum.

### Enforcement Actions (Raids)

174% up on the 1st Quarter in 2007 with Durban, Johannesburg and Pretoria leading the way.

Raid Statistics		2007		
	Q1	Q1	Variance	%
Cape	0	N/A		
Dbn	36	N/A		
Jhb	37	N/A		
Pta	52	N/A		
Eastern Cape	11	N/A		
Other	0	N/A		
Cross Border	18	N/A		
Internet	16	N/A		
<b>TOTAL</b>	<b>170</b>	<b>62</b>	<b>108</b>	<b>174.2</b>

## Seizures

### Hardware

Enforcement actions against Home Operators, Burner Labs, Flea Market stalls and Retailers continue to result in seizures of equipment and blank discs used in the burning of DVD-r's with pirated content.

Statistics		2007		
	Q1	Q1	Variance	%
Servers	0	0	0	0.0
Towers	5	2	3	150.0
Writers	45	20	25	125.0
Printers	8	3	5	166.7
PC's	6	15	-9	-60.0
Laptops	1	0	1	0.0
Scanners	1	0	1	0.0
Consoles	0	0	0	0.0
Controllers	0	31	-31	-100.0
Memory Cards	0	189	-189	-100.0
Other	0	18	-18	-100.0
Screens	0	0	0	0.0
TV's	2	1	1	100.0
DVD Players	2	1	1	100.0
Blank Discs	12	214	-202	-94.4
Sleeves	12,892	203	12689	6250.7
DVD Cases	1,615	0	1615	0.0

## Members cont.



Motion Picture Association



20th Century Fox



IDC



Universal City Studios



Walt Disney



Warner Bros.



Paramount Pictures



Sony Pictures

**Enforcement cont.**

**Content Seizures**

145,639 discs containing in excess of 2.2 million pirated films and PlayStation games were seized during quarter under review, an increase of 757% on the same period in 2007

50% of the total seized was a result of 2 customs matters reported elsewhere. The Customs seizure apart DVD-r's now account for 99% of discs seized during the quarter which emphasizes the almost total conversion to locally burned DVD-r's by pirates in South Africa.

Statistics		Q1	Q1	2007 Variance	%
Film		145,496	16,531	128,965	780.1
	DVD-r	60,760			
	Pressed CDR	84,736			
Games		143	461	-318	-69.0
	PS2	133			
	PS1	0			
	PC	10			
<b>Total</b>		<b>145,639</b>	<b>16,992</b>	<b>128,647</b>	<b>757.1</b>

**Schools Education Project**

As part of the long term awareness programme SAFACT is supporting the National Educational Theatre for Schools (NETS) joint project with the National Prosecuting Authority to present an anti-crime play at schools throughout the country.

The play, entitled "To Steal or Not To Steal", depicts a student's increasing involvement in crime and his subsequent arrest as a result of his pirating of CD's and DVD's.

During the first quarter of 2008 16 performances were staged at various schools in Gauteng with over 3,000 children in attendance.

During the second quarter of 2008 some 13 performances will be staged in regions including Botswana, KZN, Eastern Cape and Free State. It is estimated that in excess of 5,000 children will attend the 45 minute performances.

A second team of professional actors is being assembled to enable a greater number of performances.

The script is being translated for performances to be presented in a number of other official languages.

Problems exist in respect to presenting the play to children attending schools in previously disadvantaged and rural areas.

**Members cont.**



SCEE



CDT



M-Net



Multichoice



Next Video



Video Vision Entertainment



UIP

## Enforcement Actions (By Category)

Statistics	2006		2007		
	Q1	%	Q1	Variance	%
Street Vendors	56	33	19	37	194.7
Workplace Vendor	2	1	0	2	0.0
Flea Markets	37	22	11	26	236.4
Retailers	29	17	14	15	107.1
Home Operators	10	6	6	4	66.7
Burner Labs	2	1	0	2	100.0
Video on Demand	1	1	0	1	100.0
Internet Sales Sites	0	0	5	-5	-100.0
Internet Auction Sites	15	9	5	10	200.0
Cross Border	18	11	2	16	800.0
Distributors	0	0	0	0	0.0
<b>Total</b>	<b>170</b>	<b>100</b>	<b>62</b>	<b>108</b>	<b>174.2</b>

### Street Vendors

Actions against street vendors were up, 195% compared with the 1st Quarter of 2007 despite the prevalence of street vendors around Johannesburg and Pretoria being dramatically lower than in 2007.

### Workplace Vendors

An area of concern to SAFACT is the advertising and sale of pirated films and games on DVD-r in the workplace by and amongst employees

During the quarter under review SAFACT is aware of 2 instances of workplace vendors being dismissed by their employers for such activities. SAFACT provided the necessary product advice to the companies concerned.

### Flea Markets

Whilst actions against flea market stalls is 236% up on the 1st Quarter of 2007 the number of actions is in line with those in the last three quarters of 2007 and reflects the ongoing suppression of pirate activities at former hot spots, such as Blue lagoon in Durban, Chameleon Village and Montana Traders Square in Pretoria.



Stall raided at Chameleon Village Flea Market

### Retailers

With 29 actions during the quarter, 107% up on the 1st Quarter of 2007 and 69% of the total for 2007, shops trading in pirated films and PlayStation games, particularly outside the main metropolitan areas, are of concern.

### Home Operators

A major area of concern is the growth of Home Operators who are expected to increasingly fill part of the void created by the reduction of pirated product available from Street Vendors and Flea Markets.

Whilst actions against Home Operators were up 67% over the 1st quarter of 2007 they were in line with the average for the subsequent three quarters of 2007.

## Interactive Games Piracy

As with film, pirated copies of interactive games, particularly PlayStation, are predominately burned locally on DVD-r's

The market for pirated games is dominated by Home Operators.

Seizures of discs containing pirated games will be fairly low as they are burned to order on day of delivery.

Several of the computers seized during raids on game pirates have been found to have hundreds of games on the hard drives. One Home Operator in Durban was found to have over a thousand games on each of the 2 computers seized during a raid.

There has been a significant decrease in availability of counterfeit PlayStation Controllers following recent high profile anti-piracy actions. Fake controllers now replaced with generics.

Counterfeit memory cards still being found but in substantially lower numbers than before. 16, 32 and recently 64 megabyte memory cards in PlayStation packaging have been intercepted by Customs but in much lower numbers than previously experienced.



Counterfeit 64 megabyte memory card seized by Customs in Port Elizabeth

**Enforcement Actions cont.**

**CROSS BORDER**

<b>Statistics</b>	
<b>Airports</b>	
<b>Cargo</b>	<b>2</b>
<b>Passenger</b>	<b>2</b>
<b>Mail Centre</b>	<b>12</b>
<b>Courier Services</b>	<b>1</b>
<b>Land Borders</b>	
	<b>0</b>
<b>Sea Ports</b>	
	<b>1</b>
<b>Total</b>	<b>18</b>

**Airports:**

In addition to the seizure at ORTIA 3580 pressed discs, en route to Ghana, were detained at OR Tambo International for possible copyright infringements

**Passengers**

2 passengers were found by Customs at ORTIA to be importing pirated copies of films

A total of 865 pressed discs were confiscated.

The reduction in the importation of copyright infringing product by airline passengers will be a major focus area for SAFACT in the second half of 2008.

**Mail Centres:**

Customs implemented a zero tolerance approach towards the importation of any copyright infringing films through increased inspections of packages at international mail centres in South Africa.

This latest initiative to stop the importation of pirated films and TV series, whether for trade or personal use and irrespective of quantity, resulted in 12 consignments being detained for inspection during the quarter. SAFACT was requested by Customs to verify whether or not the contents were infringing copyright.

The Cape International Mail Centre seized 174 discs in 11 consignments while Johannesburg International Mail Centre seized 1 consignment containing 449 discs

**Courier Services:**

Improved relations with international courier services at ORTIA resulted in increased monitoring and reporting of suspect consignments to Customs for verification by SAFACT including one consignment found to contain 1263 pressed discs that were subsequently seized for further investigations.

**6 Months "Free of Infringement List" Titles**

The BidorBuy.co.za auction and sales website achieved a landmark in anti-piracy on the web by keeping infringement list titles from being offered for sale or auction on their site for the past 6 months

This success is as a result of daily pro-active monitoring by BidorBuys.co.za management of content offered for sale or auction with the assistance of SAFACT and reflects BidorBuy.co.za's commitment to ensuring that only legitimate product is offered for sale to its customers.

15 attempts by merchants to place infringement list titles on the service were prevented during the quarter.

Whilst latest theatrical releases have been kept off the site there is still a large amount of suspect content being offered for sale by a number of merchants, particularly TV Series and Box sets.



*Imported copyright infringing box sets of TV series now common in South Africa*

## Legal Matters

A record number of SAFACT matters appeared on court rolls around the country ranging from bail applications to trials and convictions of those suspected and accused of trading in pirated films and PlayStation games.

The two highest profile matters heard during the quarter were the trials involving Musica and Cybermedia.

2 trials involving Cybermedia are currently underway in Cape Town with the longest running trial now awaiting the Magistrates verdict which is scheduled for the 3rd and 4th July 2008.

The second trial has been postponed, for a number of reasons put forward by the defence, until the 7th July.

## Arrests

At 97 the number of arrests during the quarter is 341% higher than the corresponding period in 2007.

Statistics	Q1	Q1	2007 Variance	%
Cape	0	N/A		
Dbn	39	N/A		
Jhb	29	N/A		
Pta	21	N/A		
Eastern Cape	8	N/A		
Other	0	N/A		
Cross Border	0	N/A		
Internet	0	N/A		
<b>TOTAL</b>	<b>97</b>	<b>22</b>	<b>75</b>	<b>340.9</b>



## Matters on Court Rolls

An extremely hectic quarter for court appearances that included the ongoing Musica and Cybermedia trials.

Matters carried over from 2007, coupled with those resulting from the high number of actions and arrests achieved in the period under review, resulted in a 408% increase in matters on court rolls around the country compared with the 1st quarter of 2007.

Statistics	Q1	2007		
		Q1	Variance	%
<b>Cape</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>33.3</b>
<b>Dbn</b>	<b>62</b>	<b>3</b>	<b>59</b>	<b>1966.7</b>
<b>Jhb</b>	<b>51</b>	<b>13</b>	<b>38</b>	<b>292.3</b>
<b>Pta</b>	<b>69</b>	<b>15</b>	<b>54</b>	<b>360.0</b>
<b>Eastern Cape</b>	<b>13</b>	<b>3</b>	<b>10</b>	<b>333.3</b>
<b>Other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Cross Border</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Internet</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>203</b>	<b>40</b>	<b>163</b>	<b>407.5</b>

## Convictions

The 44 convictions represent a 633% increase over the 6 convictions achieved in the 1st quarter of 2007.

The high conviction rate is also a reflection of our stated objective of pursuing criminal prosecutions against anyone found to be involved in piracy.

Statistics	Q1	2007		
		Q1	Variance	%
<b>Cape</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0.0</b>
<b>Dbn</b>	<b>18</b>	<b>2</b>	<b>16</b>	<b>800.0</b>
<b>Jhb</b>	<b>13</b>	<b>1</b>	<b>12</b>	<b>1200.0</b>
<b>Pta</b>	<b>10</b>	<b>2</b>	<b>8</b>	<b>400.0</b>
<b>Eastern Cape</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>100.0</b>
<b>Other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Cross Border</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>Internet</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>44</b>	<b>6</b>	<b>38</b>	<b>633.3</b>



**Southern African Federation  
Against Copyright Theft**

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### VISION

For South Africa to be a society in which the importation of, and trade in, counterfeit goods is unacceptable, not financially viable but where arrest and punishment is inevitable.

### MISSION

SAFACT to be the leading organisation in creating an anti-counterfeiting climate in which the purchase, sale or possession of counterfeit goods is actively discouraged and intellectual property rights are respected.