

# CZECH REPUBLIC

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## RECORDING INDUSTRY KEY ISSUES 2006

The last six years have seen a sharp drop in legitimate sales of recorded music in the Czech Republic (the market was worth around 60 million Euro in 2000 and fell to below 20 million Euro in 2005!). Music piracy remains at unacceptably high levels - one in two sound recordings sold is an illegal copy and European record companies and performers are suffering millions of Euros in damages. The main problems frustrating legitimate sales are CD-R<sup>1</sup> piracy, especially at border markets, illegal file-sharing and delays in criminal enforcement proceedings.

The results of investigations and police raids confirm that the large-scale CD-R burning is predominantly the work of Asian and other organised crime syndicates. This illegal activity also has a direct impact on neighbouring music markets. In fact, most of the content on burned CD-Rs is clearly targeted at German speaking nationals, who travel to the Czech Republic by busloads on a daily basis, shopping for pirated and counterfeit goods at the 70 odd markets along the border. One of the most serious problem areas can be found around Cheb. Despite promises from various elements of the Czech enforcement system, this massive problem persists and meaningful results stay out. Large-scale and sustained deterrent action is urgently required, failing which the heavily suffering Czech recording industry risks being definitively destroyed.

The other major and growing problem is illegal file-sharing in unauthorized peer-to-peer (P2P) services. In January 2006, the Police Department for Internet and Computer Crime in co-operation with the local recording industry disclosed the first ever case against a large scale illegal up-loader and more action is planned.

### **Actions to be taken to stop border market piracy**

- The Czech government should implement market licensing rules that make the owners/exploiters/landowners of markets liable for pirate activity taking place at their markets and oblige them to take preventive action;
- Stall holders should be subject to an operating license, which includes the obligation to refrain from offering pirated goods for sale subject to an immediate and definitive withdrawal of the license and a deterrent punishment in case of breach of this obligation;
- The Interior Ministry and other law enforcement authorities should take repeated and sustained action against pirate retailers at the dozens of border markets, especially in, but not limited to, the Cheb district;
- The speed and efficiency of criminal enforcement (at the police investigation, prosecutorial and judicial levels) should be substantially improved, leading to measurable results in the fight against endemic copyright piracy;
- The Czech Government, as well as the Parliament, should publicly show and communicate in clear and unambiguous terms that piracy and counterfeiting are considered serious crimes that will not be tolerated anymore.

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<sup>1</sup> CD-R = CD-recordable