

# Innovating Piracy

The Bare Act of Stealing, and Shaping the Future

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It's April 2003, and Internet news sites bring big news: Apple's iTunes music store has been launched. Containing thousands of albums from a huge selection of artists, it allows you to finally access music when you want it, regardless of times when the store is open. You don't even have to get an entire album, you can get separate songs too. Brilliant.

But it wasn't as fresh or brilliant an idea as the industry would have you believe.

The Fraunhofer institute, funded by the European Union's EUREKA programme, started working on an audio compression algorithm back in 1987. They eventually rounded up their work in 1994 and titled it the *MPEG-1/2 Audio Layer 3* format, commonly referred to as MP3.

Where it was previously unfeasible to try to exchange music online, because there were no good compression algorithms and songs that could take up hundreds of megabytes, the new MP3 format made doing this easy and quick. It was a good thing, because thanks to the Internet, people from around the globe sharing the same tastes in music came in contact with each other. They wanted to exchange the 'gems' in their music collection.

Meanwhile, way back in 1999, a young American college student by the name of Shawn Fanning ('Napster' to his friends), found that he had a problem.

Fanning's problem was that he couldn't find an easy way to do what he liked: sharing his music with others. Back in those days, such exchange was taking place in newsgroups and on chat systems, which made the transactions fairly cumbersome. Fanning, however, came up with a solution. He created a system called Napster that allowed people to share their music in an easy way. People could download an application which made it possible for them to share a directory on their local disk with other users, and they could enter names of artists or songs to search for. The application would then query all the other logged-in users' shared directories and present any matches for download. It was a giant leap forward in online file exchange.

It became huge in its user community almost immediately; it contained music of all genres, labels, record companies and periods. At its peak it was almost impossible to not find what you were looking for, from the newest hits to out-of-press vinyl record rips. It was the iTunes music store, with tenfold content, but four years earlier...and without the cash register.

In effect, Fanning acknowledged that there was a need to find an easy way to obtain music electronically when the need first arose within the Internet community which, thanks to MP3, could finally exchange music online. The iTunes music store, introduced much later and applauded mainly by the industry itself, took almost four years to satisfy that need.

The initial proprietary response to the illegal online exchange of music was to 'copy protect' CDs. Effectively, this meant crippling audio CDs, making them no longer conform to the Compact Disc standards, so that computers couldn't understand them anymore. Another result? Many regular players, car players and newer DVD players couldn't play those CDs either. Instead of recognising the huge demand for online music exchange and responding to that immediately, the industry chose to take something away from the consumer and mutate, in effect making it useless for anyone with a new DVD player or car stereo system. Meanwhile, of course, the industry continued to insist that piracy was the reason that nobody was buying CDs anymore.

As with all things in the current world, globalisation has caused consumers to be aware of what is available around the globe in the area of entertainment, and has thus also created a consumer need. While people not living in the US are fortunate in many ways, when it comes to the availability of movies, music or television shows they have to wait a while before it's available in their region.

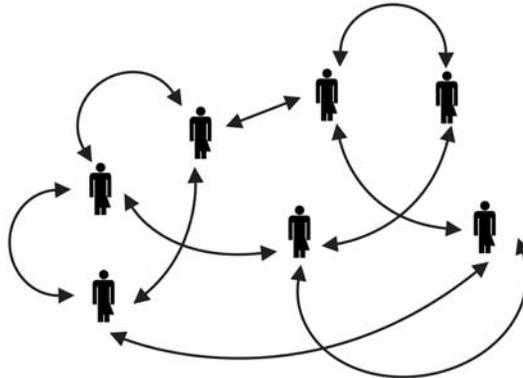
That is, until Piracy jumped the scene.

In 1999, a French hacker named Jerome Rota altered a codec that Microsoft had created for its own ASF file format and changed it into what eventually became known as the DivX format. It allowed DVD movies, around 6 gigabytes in size, to be reduced to 700 MB.

The DivX file format became hugely popular. It allowed tremendous compression while still looking good when viewed on the television screen. It was also capable of transforming movies recorded in cinema halls into the size of a CD. Thanks to piracy, fresh US releases became available to the rest of the world.

There was another problem with the chronology of releases, and it came in the form of DVD movies. Audiences around the world were pleased with the new format that replaced the old-school videotapes that suffered from many problems, including low visual quality and quality loss when making a copy. An unexpected fallout, however, was region encoding.

As was the case of restrictions on movies in cinema halls, the movie region encoding of DVDs was meant to prevent people from seeing movies on DVD prior to their being released in local cinema halls. But people didn't want to wait:



following the logic of 'illegal' music file exchange on the Internet, it was also assumed that all movies would be released for all regions simultaneously. Of course, this never happened: there is much content that is only available for Region X and not for Region Y for a variety of reasons.

For example, in order for something to be released for a certain DVD Region, there needs to be a publishing company that actually wants to publish it. Also, there should be no other company in that region that has exclusive rights to the material. If they do, and decide not to publish it, you've got a problem. If no one in Europe thinks it's feasible to release a European Region encoded DVD of an Asian movie, you've got a problem too. However, piracy again provided a solution: first in the form of a program called DeCSS which was able to strip the region encoding from a DVD if you were willing to re-encode it again yourself; and later, in the form of cheap Asian DVD players that politely ignored the region encoding all together.

Piracy enabled people to watch their DVDs they had legitimately bought on holidays in other regions, or ordered online, on their legitimately bought DVD players.

What goes for movies, of course, also goes for television series. From *The Sopranos* to *24*, *Six Feet Under* and *CSI*, the world wants to watch, and it wants to watch *now*. Unfortunately, the world will have to wait for broadcasting stations they can access to broadcast in their country. Usually, there's a big delay between the release of TV shows in the US and their release in the rest of the world, if broadcasting stations decide to show them at all. Fortunately, the piracy scene in the US captures broadcasts there, strips the commercials and puts them online for the rest of the world to see. In fact, with new technologies such as BitTorrent and RSS, it's even possible to subscribe to a certain series; the software client will automatically download the latest television series as soon as it becomes available on the Internet. Piracy enables people to watch the content they want, when they want.

The Internet has allowed us to make contact with people from all over the world without ever having met them; this is heralded as a great thing. Yet the same logic, applied to the exchange of cultural products, particularly those dealing with entertainment, is seen as large-scale theft. Lending a CD or DVD to a friend is perfectly valid; lending an electronic copy of it to someone across the globe who wants to access that material, is not.

We've all seen the entertainment industry's claims: Piracy is criminal. Piracy is theft. Piracy is illegal. Piracy is hurting the entertainment industry. As shown in the above examples, it looks a lot like it's the entertainment industry that is hurting the entertainment industry. By not recognising market demand and getting caught up in all kinds of intellectual property issues, exclusive licensing deals, things the consumer couldn't care less about, they are concurrently years behind on innovation compared to the piracy scene, which simply chooses to ignore these issues.

Creating a demanding market and then not living up to consumer demands guarantees that people will try to work the system and find solutions to their problems.

A large part of piracy's success is because you don't have to pay for what you pirate. Another part that the entertainment industry likes to ignore is the fact that piracy delivers.

The industry's promises for the future are being fulfilled by the piracy scene today.