



IP theft and cybersecurity get short shrift in Sony hack

By Tom Schatz, January 29, 2015

On the fourth day following the Nov. 24 cyberattack on Sony, four unreleased films and one movie that was already in theaters showed up on file-sharing websites. "Fury," starring Brad Pitt, has already been illegally downloaded more than 1 million times. "Annie," "Mr. Turner," "Still Alice" and "To Write Love On Her Arms," none of which were in theaters at that time, have each been downloaded hundreds of thousands of times.

The theft and illegal distribution of the films was one of the first steps taken by the Guardians of Peace in the release of information stolen from Sony's computers. However, there was limited coverage of this action by the news media, and those stories were soon overtaken and overwhelmed by "The Interview" and salacious emails. Of course, the major ongoing story is, appropriately, the extraordinarily invasive nature of the cyberattack and its source.

On Dec. 14, the hackers released an early version of the script for the new James Bond film, "Spectre." They also likely have various versions of up to 20 other unreleased Sony films as well as the unreleased pilot of a new show by Vince Gilligan, the creator of "Breaking Bad."

While stealing such a large amount copyrighted material from one source is unprecedented, such theft occurs relentlessly and is very costly.

On Dec. 28, 2014, *Variety* listed the top 20 most-pirated movies of 2014 as compiled by Expicio, a piracy-tracking firm. The 20 films were downloaded a total of 433.3 million times, topped by "The Wolf of Wall Street" with 30 million downloads. The next three movies on the list, "Frozen," "RoboCop" and "Gravity," were all downloaded more than 29 million times.

Music is the second-most downloaded copyrighted material. In 2013, 64.5 million tracks of music were illegally downloaded; 70 percent were full album downloads and 30 percent were individual songs. Bruno Mars was at the top of the list with 5.8 million songs illegally downloaded.

Television shows are third. Torrent Freak reported that the top 10 programs in 2014 were downloaded 36.8 million times, led by 8.1 million downloads of "Game of Thrones."

The cost to the U.S. economy of piracy for just the movie and music industries is estimated to exceed \$20 billion annually, along with the loss of tens of thousands of jobs and hundreds of millions of dollars in tax revenue.

While there is no doubt that the theft of intellectual property (IP) is a crime, there are far too many individuals and website operators who agree with Hana Beshera. When she got out of prison after 16 months for violating copyright laws and illegally sharing content on a website that she co-founded, Beshera insisted that the movie industry is so large that taking a little off of the top is not a big deal.

Beshera's sentiments are both ill-advised and wrong. The movie and television industries employ millions of individuals and have a dramatic effect on the economy. In fiscal year 2014, 158 feature films and television productions were shot in Georgia (the No. 5 location for such activity in the world), generating an economic impact of \$5.1 billion, including \$696 million paid to local businesses.

The debate over protecting copyrighted material has reached the highest courts in some countries, such as France, where the French Supreme Court ruled in 2012 that Google must filter links to sites that offer pirated content which are generated by its automated system. The company claimed it was already doing so voluntarily, but concerns about illegal file-sharing sites appearing at the top of its search results continue to persist.

During the first half of 2014, 4 billion television shows and movies were illegally downloaded on peer-to-peer file sharing sites. In January 2014, the recording industry issued its 100 millionth takedown notice to Google to remove infringing content. In addition to these and other efforts to stop illegal downloads, federal, state and local law enforcement sources, including state attorneys general, are also working to protect IP. The movie industry has created a website, WhereToWatch.com, which lists hundreds of legitimate websites to purchase and download movies and videos, and the music industry has set up WhyMusicMatters.com, which includes more than 70 legal websites to buy and download music.

Salacious emails may create entertaining headlines. But they are a small part of the picture of the Sony hack. The real story is the need for both increased protection of IP and improvements in cybersecurity to prevent the continued theft of valuable assets and information.