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Viacom Inc. (A): The Battle over Unauthorized File Sharing

Case Study

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As 2007 drew to a close, media conglomerate Viacom and other media companies had a problem: what to do about the unauthorized posting of their video content through web sites like YouTube.[a] YouTube hosted hundreds of thousands of unauthorized clips of Viacom's hit shows, and downloads of these clips numbered in the millions. Attempts to negotiate license agreements between Viacom and Google (YouTube's parent) proved fruitless.

Tensions between the two companies reached a boiling point in early 2007, when Viacom filed a lawsuit seeking $1 billion in damages and demanded that YouTube take down over 100,000 clips of its shows. With a legal resolution years away, Viacom had to decide how to deal with the ongoing practice of unauthorized downloads, particularly for hit Comedy Central shows such as *South Park*. Even though YouTube responded with some measure of cooperation to Viacom's takedown request, unauthorized posting and viewing of *South Park* remained rampant on YouTube, dwarfing the authorized downloads of the show through sites like iTunes.

What, if anything, could Viacom do to stem this tide of unauthorized use? Was there any way to control and monetize online distribution effectively? Was litigation the best course of action or could Viacom and Google, which purchased YouTube in 2006, come to some kind of distribution agreement?

A Recent History of Viacom

On December 31, 2005, Viacom Inc. was divided into two publicly traded companies: CBS Corporation and a new, smaller version of Viacom Inc.[1] At the time, the stock price of the conglomerate was stagnant and the company was fractured by a leadership battle.[2] The bifurcation was intended to reorganize properties within the enterprise along functional lines. The new Viacom would develop the conglomerate's high-growth brands to their full potential, while CBS would house the brands that produced a substantial amount of cash—and presumably could pay high dividends.

The CBS Corporation maintained control of the CBS and UPN networks, Viacom Television Stations Group, Infinity Broadcastings, Viacom Outdoor, the CBS, Paramount, and King World television production operations, Showtime, Simon & Shuster publishing, and Paramount Parks. The new Viacom focused on two business segments: Cable Networks, which included MTV Networks; and Entertainment, which included Paramount Pictures, Paramount Home Entertainment, and Famous Music. Included in the set of businesses

[a] The creation of this case study would not have been possible without the cooperation and support of the management of Viacom. Notwithstanding such assistance, this case study does not represent the views or positions of Viacom or its corporate representatives and should not be attributed as such.

allocated to Viacom were some of the most successful brands in television: MTV and its subsidiaries (MTV2, mtvU, VH1); Logo; Nickelodeon, Nick at Nite; Comedy Central; Spike TV; BET; and TV Land. MTV was one of the world's most valuable brands; Nickelodeon was one of the world's most widely distributed children's television brands and had been the top-rated cable network for children in the United States from 1996 to 2006.[3]

Viacom's Cable Networks segment generated 70% of total revenue in 2005, primarily through (1) the sale of advertising time on television networks, digital properties, and digital services; (2) affiliate fees from cable television systems, satellite systems, and other distributors; and (3) ancillary revenues, which included home entertainment sales, licensing of content (including consumer products) to third parties, and the syndication of cable programming.[4] High growth potential in each of these sectors led many observers to expect Viacom to prosper quickly.

Initially, however, Viacom's performance did not match these expectations. Six months after the split, the stock price of CBS had increased 9%, while that of Viacom had declined 20%.[5] In contrast, Viacom's principal competitors were flourishing; during the same six–month period, Disney's stock rose 18%, and News Corporation's stock rose 14%.[6]

Some observers attributed Viacom's disappointing performance to missteps in its initial efforts to enter the online and digital media market. Specifically, Viacom had tried to gain a foothold in that market by seeking to purchase two of the most popular web sites on the Internet: MySpace and IGN, a social web site for gamers. In both cases, however, Viacom lost out to News Corporation.[7] Viacom was able to acquire several smaller companies—for example, Neopets, a web site for children to adopt and care for digital pets—but investors apparently concluded that these were not enough to provide Viacom the massive user base it needed.

In September 2006, Viacom fired CEO Tom Freston. According to one industry blog, "There were three reasons cited for Mr. Freston's dismissal … Viacom's stock was underperforming, Mr. Freston didn't 'communicate' well with Wall Street; and he lacked a 'digital strategy.'"[8] To replace Freston, Viacom chose Philippe Dauman. Dauman had been with the company for over two decades, principally as a lawyer and a board member. Soon after the announcement, Viacom's stock price declined another 5%.

Despite these troubles, Viacom's prospects remained bright. Its principal assets, were the strength of its brands, the size and quality of its catalog, and its massive distribution network. Servicing 160 plus territories through over 120 cable networks broadcasting in more than 25 different languages, Viacom reached approximately 520 million households worldwide. Its various companies generated thousands of hours of new programming each week. In the United States alone, they produced about 1,780 hours of programming per week and reached around 150 million television viewers each week.[9] Viacom's library contained over 18,000 hours of television programming; it would take over 100 weeks of non-stop viewing to watch the entire collection. Its film catalog was equally strong. It included some of the world's most successful movies, including *Titanic*, *The Godfather* trilogy, the *Indiana Jones* films, *Forrest Gump*, and *Braveheart*. In total, Viacom controlled over 1,000 motion picture titles and had partial rights to an additional 2,500 titles.[10]

Napster and the Advent of File Sharing

The content controlled by Viacom was extraordinarily valuable, and Viacom sought to manage its collection shrewdly while maximizing the revenue-generating potential of its catalog. By the end of 2007, these efforts resulted in improved financial performance and a rising stock price. (See **Exhibits 1** and **2**). As Viacom pursued these goals, however, it faced a major challenge from the proliferation of unauthorized distribution of its content online.

From roughly 1990, three related technological innovations transformed the music and film industries: the rise of digital media (e.g., CDs and DVDs) for both audio and video recordings; the advent of efficient compression/decompression systems (e.g., MP3 and DivX) that made it possible to store and transmit those recordings; and the increased availability and speed of the Internet, which made sharing vastly easier. These developments enabled the creation of new authorized distribution systems that had many social and economic benefits. But they also led to the rapid emergence and sudden popularity of *unauthorized* distribution systems that allowed millions of potential consumers to access audio and video recordings without paying for them.

The first and most famous of those systems was Napster. The music file-sharing company, which debuted in 1999, quickly became a cultural phenomenon. Its free and convenient file-sharing service attracted 80 million subscribers in less than two years of doing business.

How Napster Worked[11]

New users to the Napster website created a free account with a unique username and password, which would allow them to download a free copy of Napster's 'Music Share' software. This software created a 'user library' into which the user would copy all files she wished to share with other users on the network. The title—not the file itself—of any song copied onto this user library would appear on the search results of the Napster search engine. Thus, the Napster search engine would be able search for songs across all user libraries of all users (or peers) on the Napster network.

Whenever a user wanted to download a song, she clicked on the song title in the search result list and Napster would supply her computer with the IP (Internet Protocol) of the host computer on which the file was located. The user could then download the file from the host. Users downloaded songs from each other for free, and Napster provided the software and the indexing service free of charge; no money exchanged hands while peers seamlessly traded music files. Napster hoped to be able to generate revenues through advertising and a premium service once it generated a critical mass of users. But for the brief period of its existence, it ended up surviving on debt and injections of venture capital.

Most of the files exchanged through the Napster system contained music produced by one of the five major record companies—the companies owned the copyrights in the sound recordings embodied in those files. After the web site was up and running, Napster sought to obtain licenses from the record companies to distribute their works. The record companies considered such an arrangement; indeed, Bertelsmann AG, the German parent company of BMG, extended a loan of $80 million to Napster and tried to persuade the other record companies to license their catalogs to Napster. But, in the end, the companies decided to litigate in order to shut the system down.

Litigation

In the case referred to as *A&M Records, Inc. v. Napster*, 18 members of the Recording Industry Association of America (RIAA) filed suit in December of 1999, accusing Napster of contributory and vicarious copyright infringement. At the outset, it was not obvious that the record companies would prevail. Napster asserted various defenses—most importantly, that its conduct was excused by a 1984 Supreme Court decision, which exempted from contributory copyright infringement technologies that are "capable of a substantial noninfringing uses."[12] But the courts ultimately sided with the record companies, finding that Napster's peer-to-peer file-sharing service could be held liable for both contributory and vicarious infringement of copyrights. By the summer of 2002, Napster had been closed, and the company had filed for bankruptcy.

Napster, however, was not the only company to offer peer-to-peer (P2P) file-sharing systems; others began springing up even before Napster's demise. Among the more popular were Scour, Aimster, Grokster, Limewire, KaZaa, and BitTorrent. In an improvement over Napster, the new systems enabled users to exchange video as well as audio recordings. Their technologies varied, but they were similar in their effects and scale. The record companies continued to rely upon litigation—and eventually prevailed in almost all of the lawsuits against the second-generation systems. But as soon as one was shut down, others would take its place.

The record companies also brought suit against individuals who were found to have used file-sharing systems to exchange music. Most of those suits were settled for modest amounts of money, but in the few that were litigated to completion, the record companies won. Such suits were unpopular however, since the record companies were suing their customers—or their prospective customers.[13] Perhaps more troublingly, though, was the fact that the suits represented, at most, "a teaspoon solution to an ocean problem."[14] File sharing continued to spread.

What was the effect of unauthorized file sharing on the market for recorded music? There is no clear answer. Economists continued to debate whether the net impact was positive or negative—and, if negative, how large.[15] But there was no doubt that there was a correlation between the emergence of the P2P systems and the declining revenues of the record companies (**Exhibit 3**).

File Sharing Act II: YouTube

Since the second-generation P2P systems could handle video as well as audio recordings, file sharing also began to have growing implications for the film industry, and the number of digital copies of movies that were shared on those systems steadily rose. Surprisingly, however, the box office revenues—both domestic and international—of the U.S. film studios remained fairly steady during the years in which file sharing flourished. (See **Exhibit 4**) The studios' home video revenues—which, by 2006, were twice as large as box-office revenues[16]—had also remained fairly constant despite the growth in file sharing. (See **Exhibit 5**) Various reasons were offered to explain this stability: that video files took much longer to download than audio recordings; that keeping copies of video recordings on personal computers or portable devices required much more storage space; that the film studios were less resented by consumers than the record companies; that people enjoy going out to see movies; and so forth. Importantly, though, the fact that these numbers were relatively flat did not indicate that file sharing had no impact. In the absence of the P2P systems, both box office revenues and home video revenues might have been much higher.

Like music and movies, TV shows were often exchanged on P2P systems, but on-demand video streaming was also increasingly used to view TV shows and was of equal concern to Viacom and other media companies. Streaming enabled consumers connected to the Internet to watch a video recording without ever making a permanent copy of it on their hard drive.

The pioneer in streaming was YouTube. YouTube was founded in 2004 when three Silicon Valley veterans got together for a dinner party. Afterward, they decided to upload still photographs and a video recording of the dinner. They easily found a web site to which they could upload the photos, but they could not find a web site to which they could upload the video. So they decided to create one.[17]

YouTube's first video was uploaded by its staff in April 2005. One month later, the web site went live. Within three months, more than 65,000 videos were being uploaded per day, and the videos housed on the site were being watched 100 million times a day.[18] Initial funding for the creation of the system came from the founders' credit cards. When bandwidth costs and a need for more servers exhausted their credit lines, the venture fund Sequoia Capital provided them $3.5 million, later adding another $8.5 million.

As the site grew, so did the controversy over the types of content that YouTube hosted. Some of the videos posted by users were amateur productions—like the founders' recording of their dinner party. But many others consisted of excerpts (or full-length versions) of commercial television programs and films, and some of the owners of the copyrights in those materials objected. For example, when the clip "Lazy Sunday" from NBC's *Saturday Night Live* appeared on the site—and attracted over 5 million views—NBC sent YouTube a takedown notice, and YouTube quickly complied.[19] Such notices and takedowns became increasingly common. They did not, however, materially slow the rate at which users posted copies of commercial recordings nor did they reduce the popularity of those recordings. By 2007, YouTube users consumed as much bandwidth as the entire Internet had used in the year 2000.[20]

Despite its extraordinary popularity, YouTube had no clear business plan. It charged users nothing and earned no revenue. In 2006, Google decided to buy the fledgling enterprise in an all-stock purchase valued at $1.65 billion.[21] Google's apparent goal was to combine its own knowledge of Internet advertising with YouTube's huge user base to generate revenue.

During 2006 and 2007, the major media companies, including Viacom, struggled with how to respond to YouTube.[22] Each of the companies had a web site of its own where it made its shows available for streaming, usually along with some advertising. But YouTube rapidly outstripped those proprietary web sites in popularity. (See **Exhibits 6** and **7.**) For media companies this situation was unacceptable, since they made no money from YouTube traffic and believed that Google and YouTube's business plan centered on infringing content.[23] YouTube, the companies were convinced, owed them millions of dollars in royalties.[24] The question was: What could they do?

The major firms took different approaches, with varying degrees of success. In September of 2006, Warner Music abandoned efforts to keep shows containing its recordings off YouTube and instead signed an agreement with Google. The deal required

YouTube to design and implement software that would find Warner Music's copyrighted music within YouTube's videos. When those videos were displayed, Warner Music would receive part of the ad revenue gained from their performance.[25] Lauded by some observers as a model for how content would be displayed in the future, the deal produced much less revenue than normal modes of distributing content. As NBC Universal chief executive Jeff Zucker said, it turned analog dollars into digital dimes.[26]

NBC Universal and ABC also decided to sign agreements with YouTube[27] but limited the scope of those contracts, giving YouTube licenses to only a subset of their catalogs. And the agreements did not address all of the companies' concerns, such as the possibility that users would make copies of videos streamed through YouTube. Partly for that reason, Sony resisted making an agreement with YouTube, fearing that such an arrangement would lead to even wider unauthorized distribution of its content.[28]

Viacom's own response to the YouTube phenomenon emerged in stages. In late 2006, Viacom and YouTube attempted to reach an agreement to license its content.[29] But as negotiations proved fruitless, the tension between the companies increased. In February 2007, Viacom demanded that YouTube remove 100,000 allegedly infringing videos from its web site.[30] YouTube complied, but other Viacom videos soon took their place. Then in March, Viacom's management decided to change course. They filed a copyright infringement suit against Google (now the parent company of YouTube), seeking $1 billion in damages for what Viacom claimed were 150,000 unauthorized clips of its content that were viewed over 1.5 billion times.[31] (The number of allegedly infringing clips was later reduced to 63,000.[32]) Viacom's complaint asserted that YouTube could easily remove the infringing content from its web site, but instead operated with the unlawful objective of facilitating copyright infringement as a key part of its business plan.[33] Since YouTube's revenue was derived primarily from advertisements, hosting infringing content boosted its traffic and enabled it to make more money. YouTube's primary defense was that its activities were immunized by the "safe harbor" provisions of section 512 of the U.S. copyright statute.

Reactions to the filing of the suit were mixed. NBC Universal and News Corporation expressed support.[34] Some commentators and bloggers also approved (e.g., "Google's M.O. has always been to hoover up other people's content without asking permission"[35]), while others were sharply critical (e.g., "Viacom Suit Endangers Net Freedom"[36]).

At the same time that Viacom was trying to purge its materials from YouTube through litigation, it sought to make those same materials available lawfully—and profitably—on other web sites. For example, MTV posted some of its content on its own web site. In addition, Viacom licensed the coveted *Daily Show* and *Colbert Report* episodes to Hulu, a new streaming video site created though a joint venture between NBC Universal and

News Corporation.[37] Viacom had previously licensed content to Joost, a media storing web site similar in its technology to YouTube.[38]

Another lawful outlet for Viacom's material was iTunes. Unlike the streaming sites, iTunes offered users the ability to download and store copies of videos—and thereby to view them repeatedly. The iTunes system had been created by Apple in April 2003. For 99 cents per song, visitors could download music offered by major record labels and by thousands of independent music labels. Within three days of the launch of iTunes' Windows-compatible version, PC owners had downloaded 1 million copies of free iTunes software and had purchased 1 million songs.[39] By mid-2007, users had downloaded more than 500 million copies of the Windows version of iTunes.[40] iTunes quickly became the dominant online store of its kind; by June 2008, it had sold more than 5 billion songs.[41] Thus, when Apple announced it would implement a similar strategy for television programming in October 2005, it was widely praised.[42] The pricing strategy for TV shows was similar to that for music; Apple sold shows on a per-episode basis for $1.99 each. However, sales of TV shows did not take off as quickly as they had for music. Apple took 16 months to sell 50 million television shows.[43] Disappointment concerning the low volume (and correspondingly low revenue) gave rise to disputes. From January 2007 until September 2008, NBC Universal pulled its programs from iTunes in an attempt to force Apple to increase prices to $4.99 per episode.[44] In the end, Apple refused and NBC relented.[45] Many of Viacom's shows (including the *Daily Show*, *Colbert Report*, and *SpongeBob SquarePants*) were included in the iTunes catalog, [46] as were some Paramount films. By early 2008, these generated significant revenue for Viacom.

The Trouble with South Park

It was in this rapidly changing technological, commercial, and legal environment in early 2008, that Viacom management had to decide what to do about digital copies of episodes of *South Park*. *South Park* was an animated television series created in the mid-1990s by Trey Parker and Matt Stone. Set in what the show referred to as "a pissant white-bread mountain town," it followed the escapades of four fourth-grade boys.[47] It was intended for adult audiences (and carries a TV-MA rating), but was also widely watched by children. Its vulgar, sharp-edged humor and searing parodies of both liberal and conservative political positions made it hugely popular (although somewhat more popular among Republicans than among Democrats[48]). Its appeal apparently peaked in 1999, with one of its episodes that season, entitled "Cartman's Mom Is Still a Dirty Slut," attracting 6.2 million live viewers, making it the most popular non-sports show in the history of basic cable programming.[49] Since then, its ratings dropped somewhat, but the show retained an enormous and loyal following. Parker and Stone remained heavily involved in its production—helping to write the script for each episode and providing the voices for most of the male characters.[50]

South Park was produced by Comedy Central, one of the premier Viacom brands. In the United States, it was broadcast on the Comedy Central cable channel. In Europe, Latin America, India, and New Zealand, it was broadcast by divisions of either Comedy Central or MTV. In other countries, it was carried by independent networks that obtained licenses from Comedy Central. Reruns of the show were carried by affiliates of Debmar-Mercury and Tribune Entertainment.

As of early 2008, recordings of *South Park* shows could be legally obtained in a variety of ways. The first twelve seasons could be purchased on DVD,[51] and individual episodes could be purchased through iTunes for $1.99 or streamed from Viacom's proprietary web site.

The traffic generated by these lawful delivery systems was dwarfed, however, by the traffic through unauthorized systems.[52] Despite the lawsuit against YouTube and repeated demands from Viacom that its materials be removed from YouTube, most *South Park* episodes were available on YouTube free of advertising—and were wildly popular.[53] In addition, a large number of smaller unauthorized web sites also offered streamed *South Park* episodes for free.[54]

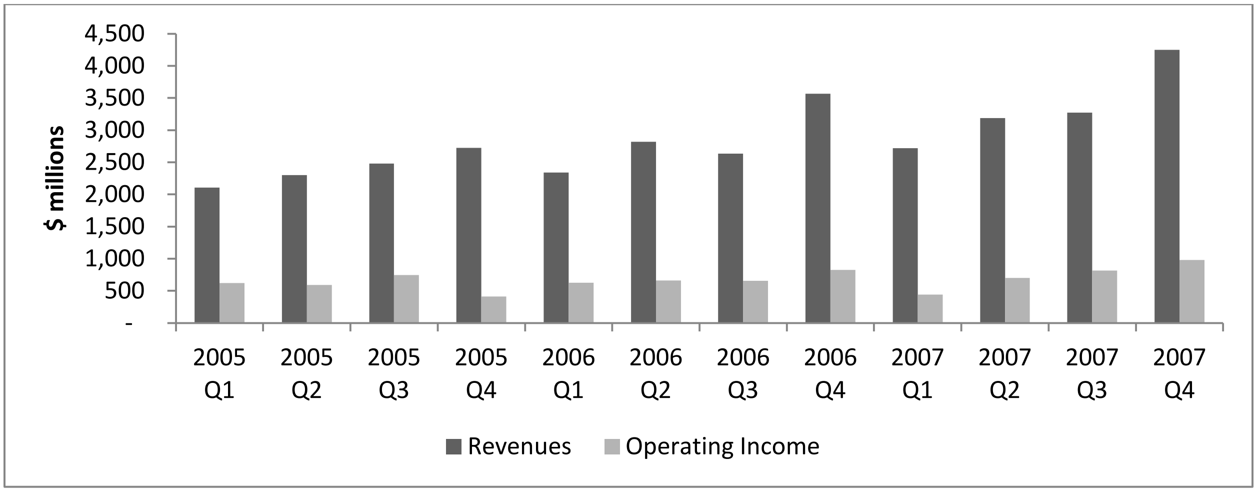
Viacom management faced two difficult and urgent questions: what, if anything, should be done to change this situation with respect to *South Park* and YouTube? More broadly, what options should Viacom pursue to improve its likelihood of thriving in the digital era?

Exhibit 1 Viacom Inc: Selected Financial Information (excluding Paramount), 2005–2007

(in millions)	2007		2006		2005	
Revenue	8101.4		7240.9		6757.8	
Expenses						
Operating	2762.6		2457.5		2309.6	
Selling, general and administrative	2014.8		1609.1		1607.3	
Depreciation and amortization	276.1		270.0		230.8	
Total Expenses	5053.5		4336.6		4147.7	
Operating Income	2935.7		2766.6		2358.7	
Cash, cash equivalents	920.2		705.8		-	
Programming Inventory	2727.4		2460.5		--	
Revenue By Component (% of total)						
Advertising	4690.3	58%	4346.2	60%	4069.4	60%
Affiliate Fees	2339.2	29%	2049.9	28%	1839.8	27%
Ancillary	1071.9	13%	844.8	12%	848.6	13%
Revenue By Region (% of total)						
United States	6852.7	85%	6182.5	85%	5789.6	86%
International	1248.7	15%	1058.4	15%	968.2	14%
Stock Price Low	$37.37		$33.38		--	
Stock Price High	$44.05		$43.70		--	

Source: Viacom 10-K (Dec. 31, 2007), www.sec.gov/Archives/edgar/data.

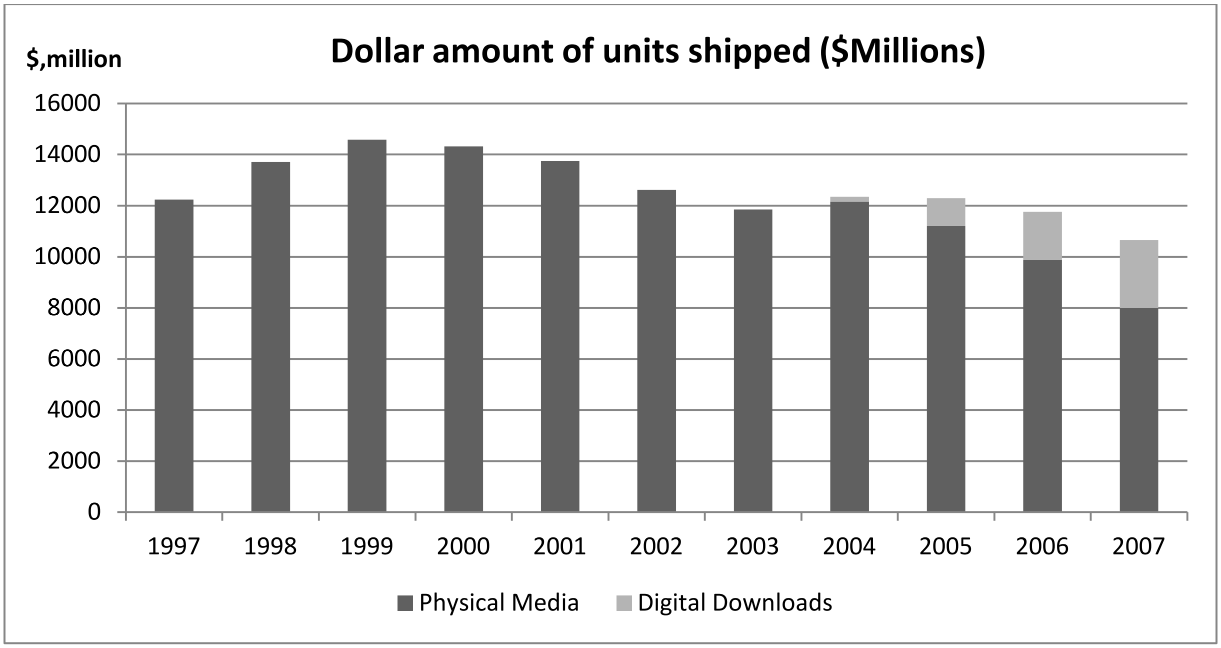
Exhibit 2 Viacom Quarterly Financials 2005–2007 (in $ millions)

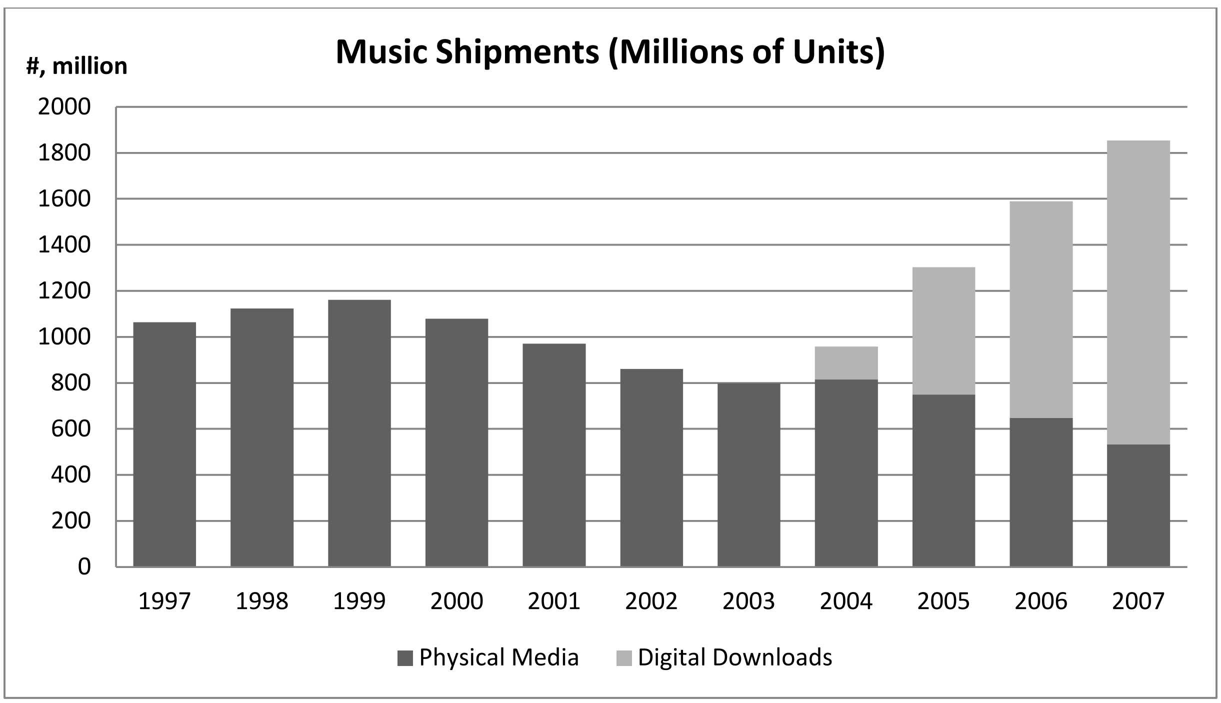


Note: Amounts for all periods presented have been adjusted for discontinued operations.

Source: Compiled by case writer from Viacom Inc. 10-K (Feb. 12, 2009), 128; Viacom Inc. 10-K (Feb. 28, 2008), 118; and Viacom Inc. 10-K (Mar. 2007), 110, via www.sec.gov/Archives/edgar/data.

Exhibit 3 U.S. Music Sales (Physical Media and Digital Downloads) 1997–2007

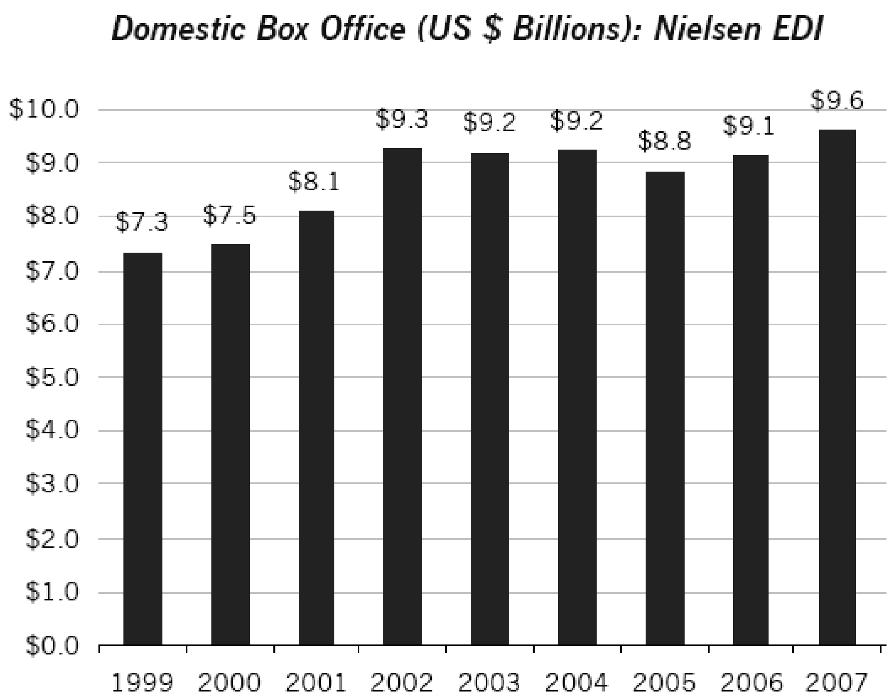




Note: Physical media include CD, cassette, LP/EP, Vinyl record, DVD and SACD. Digital downloads include single downloads, album downloads, kiosks, mobile, subscription and digital performance royalties.

Source: Compiled by case writers from Recording Industry Association of America (RIAA) Shipment Database.

Exhibit 4 Box Office Revenues of U.S. Film Studios



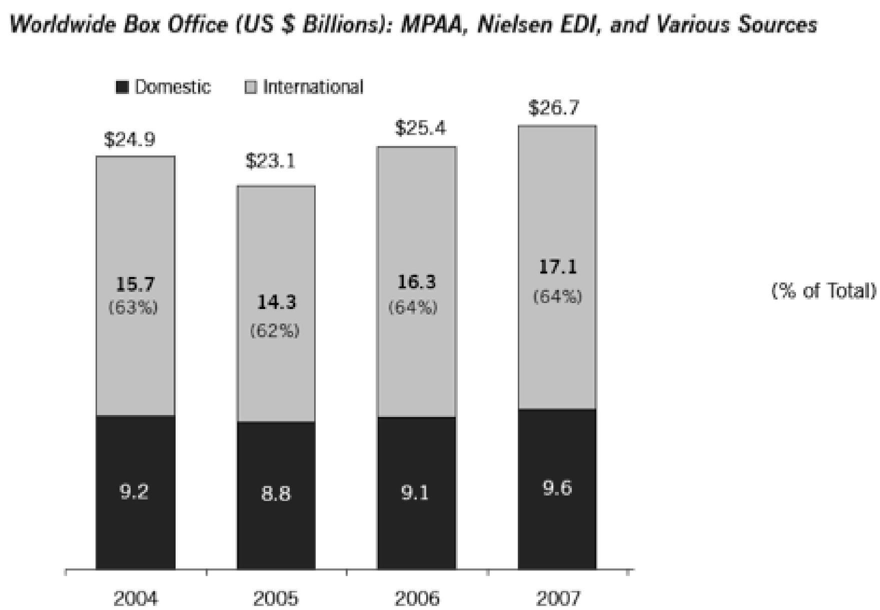
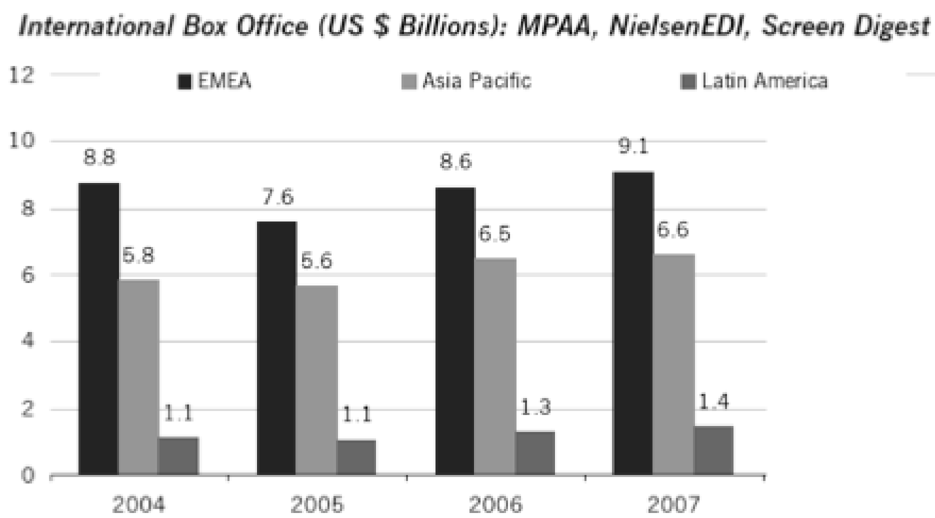


Exhibit 4 (cont.) Box Office Revenues of U.S. Film Studios

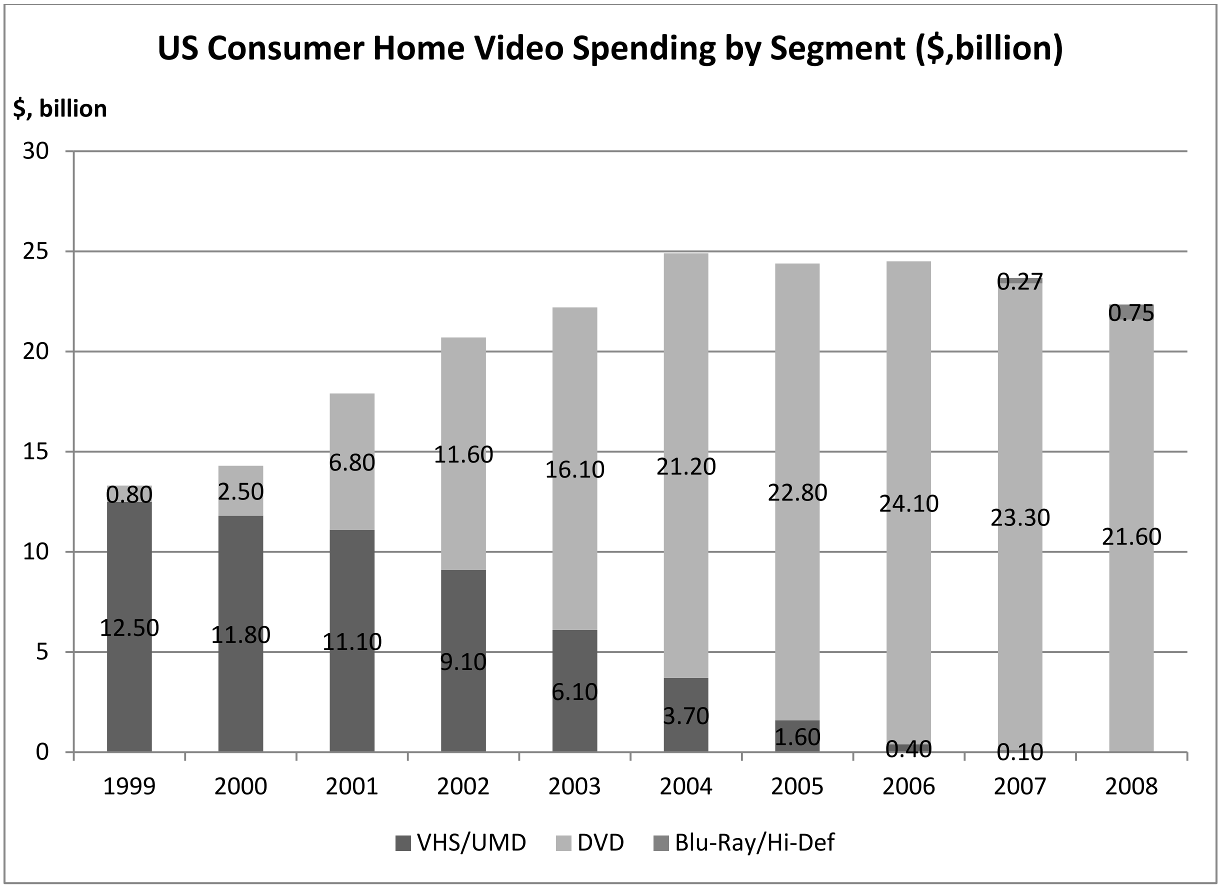


	2004	2005	2006	2007
Europe, Middle East & Africa	8.8	7.6	8.6	9.1
Asia Pacific	5.8	5.6	6.5	6.6
Latin America	1.1	1.1	1.3	1.4
Total International	**15.7**	**14.3**	**16.3**	**17.1**

*2007 and earlier data revised due to source.

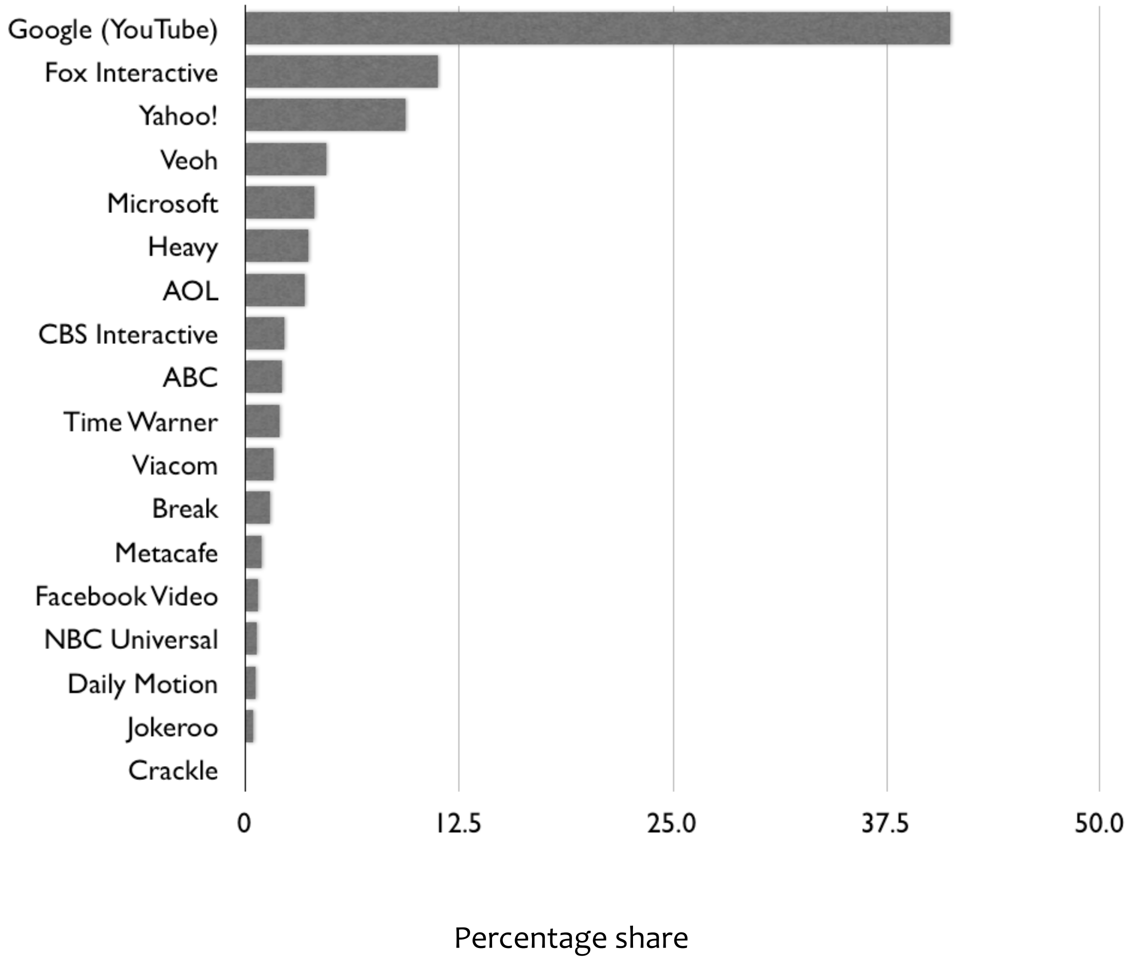
Source: Motion Picture Association of the United States, http://www.stop-runaway-production.com/wp-content/uploads/2009/07/2008-MPAA-Theatrical-Stats.pdf (accessed Nov. 2012).

Exhibit 5 Home Video Spending in the United States



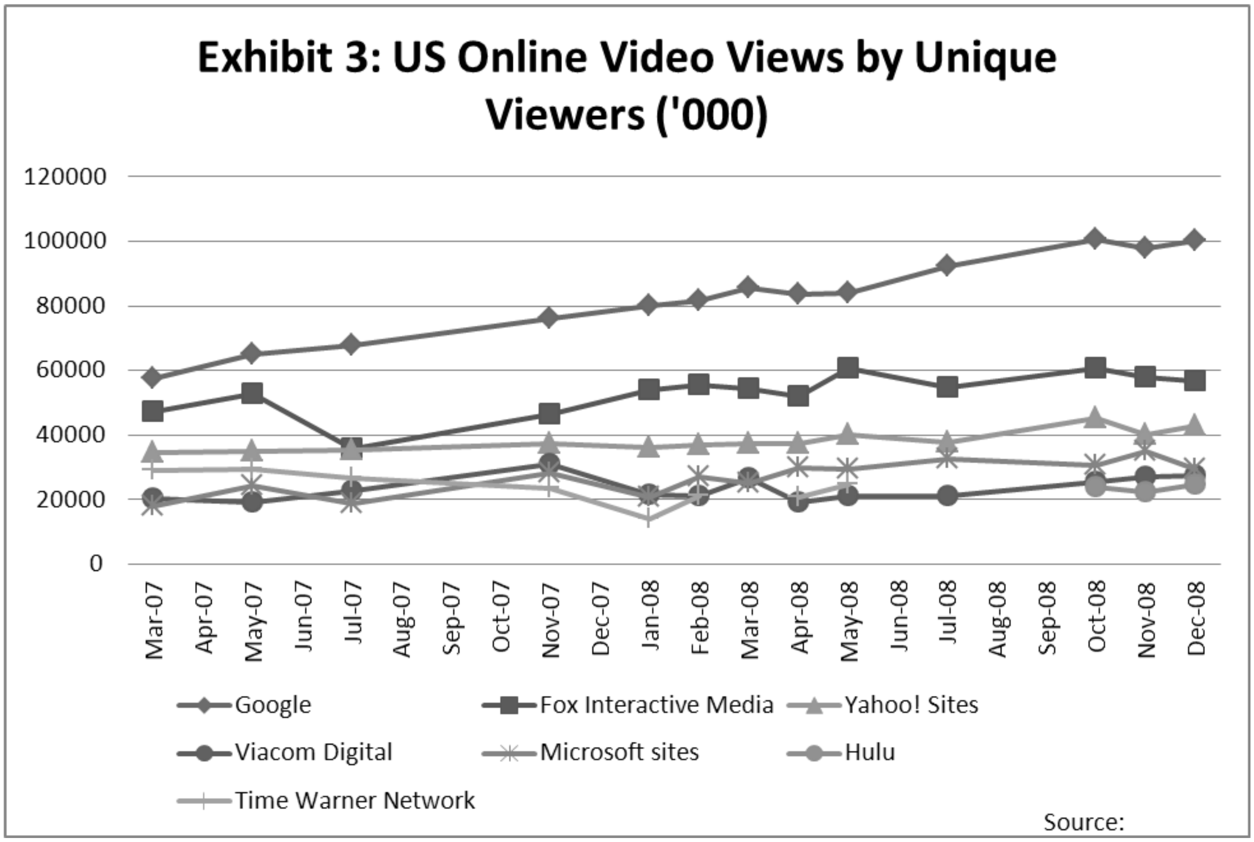
Source: Compiled by case writers from DEG: The Digital Entertainment Group press release (Jan. 8, 2009).

Exhibit 6 Top Online Video Sites Among U.S. Viewers, August 2007 (ranked by video viewing visits)



Source: *Where Do Online Viewers Go for Video?* eMarketer, Digital Intelligence (Nov. 24, 2008).

Exhibit 7 U.S. Online Video Views by Unique Viewers ('000)



Source: Compiled by case writers based on data from comScore Video Metrix press releases.

[1] *See CBS Separation*, Viacom web site, http://phx.corporate-ir.net/phoenix.zhtml?c=85242&p=irol-stockPurchase, accessed January 2010.
[2] Brooks Barnes, *A Viacom Split Stands to Rewrite a Tale of Two Executives*, WALL ST. J., March 17, 2005, at 1.
[3] Viacom Inc., Form 10-K for the fiscal year ending Dec. 31, 2005, at II-5–II-6, http://www.sec.gov/Archives/edgar/data/1339947/000104746906003584/a2168395z10-k.htm.
[4] *Id.*
[5] Geraldine Fabrikant, *A Surprise After the Split: Viacom Struggles as CBS Holds Its Own*, N.Y. TIMES, July 22, 2006, at 1.
[6] *Id.*
[7] *Id.*
[8] John Ellis, *Dog Days of Sumner*, WALL ST. J. ONLINE (Sept. 13, 2006), at A18, http://online.wsj.com/article/SB115810431592561292.html.
[9] Viacom Inc., Form 10-K for the fiscal year ending Dec. 31, 2005, at 10–12.
[10] *Id.* at 12.
[11] This section is adapted from WILLIAM W. FISHER III, PROMISES TO KEEP 111 (2004)
[12] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 442 (1984).
[13] *See*, *e.g.*, Stop the RIAA lawsuits!, http://www.stopriaalawsuits.com/ (last visited May 15, 2012).
[14] Randal C. Picker, *Copyright as Entry Policy: The Case of Digital Distribution* 11 (The University of Chicago, John M. Olin Law & Economics Working Paper No. 147, 2002), *available at* http://www.law.uchicago.edu/files/files/147.RCP_.copyright.pdf.
[15] For various perspectives on this issue, see Felix Oberholzer-Gee and Koleman Strumpf, *The Effect of File Sharing on Record Sales: An Empirical Analysis*, JOURNAL OF POLITICAL ECONOMY 115, no. 1, 1–42 (Feb. 2007); Stanley Liebowitz, *File-Sharing: Creative Destruction or Just Plain Destruction*, J.L. & ECON. 1–28 (April 2006); Norbert J. Michel, *The Impact of Digital File Sharing on the Music Industry: An Empirical Analysis*, TOPICS IN ECONOMIC ANALYSIS & POLICY 6, no. 1, 4–5, 11 (2006); Stephen E. Siwek, Policy Report, *The True Cost of Sound Recording Piracy to the U.S. Economy*, Institute for Policy Innovation 188 (Aug. 2007).
[16] *See* Datamonitor, "Movies and Entertainment in the United States: Industry Profile," Reference Code 0072-2108 (May 2007), at 10.
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