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Yo Ho Ho: Video Piracy, a Reappraisal and a Modest Suggestion

by Jeffrey Barlow
(Written in Wenzhou, China, January 11, 2008)



I have been writing about video piracy in China for sometime now. It is an inescapable part of living and working in China. I do not know any foreigner here who does not purchase such videos, nor, for that matter, do I know any such Chinese.

The videos have, in the past five years, sold for 8 Ren Min Bi (The Chinese currency; currently 1 USD = 7.2 RMB) to up to 15 RMB for the unwary. They have most usually been packaged in thin poorly colored packages, often with mismatched blurbs on the back; a package supposedly containing "Terminator II" might well have a review of "Blue Crush" on the back of it.

Astonishingly, some of the blurbs, even if for the correct film, would be incredibly critical ones taken from the Internet. "Sawing Heads 14" — "Only a bloodthirsty idiot would sit through the first ten minutes of this film. If you have watched the entire thing, seek counseling immediately, in the interests of my safety, if not your own."

Many of the films were shot in theaters with hand-held digital cameras and not a few I have seen included arguments with nearby patrons who began yelling at the perp. Often the film quality, particularly the sound, was so low as to be unwatchable.

Another common problem is that the only market is not the English language one. I once tried to watch Mel Gibson's Mayan flick *Apocalypto* (2006) in Russian, which was amusing for less than five minutes.

Because of all these problems, I had assumed that this industry was not a real long-term threat to intellectual property rights. American companies

have operated under the illogical assumption that a pirate selling for less than two dollars here was depriving them of the sale of a twenty-dollar U.S. copy. This is nonsense and ignores all the market truths of supply and demand, not to mention issues of localization and competition.

At the August 2007 Aspen Conference I had a discussion—warm if not occasionally heated—with a Hollywood intellectual property rights attorney over the degree to which such piracy was really all that costly. After we went back and forth over the question as to whether or not an urban Chinese with a daily income of about ten dollars U.S. even at the upper end in a city as rich as Wenzhou, would ever pay U.S. market price for such a video, he replied in frustration that he considered that the cost of goods was often overemphasized. I do hope that he either has no balloon mortgage or that it has not yet come due.

My earlier thinking from observing such pirate markets in Asia for almost forty years now, was that the Chinese income would continue to improve, and the U.S. industry, like Warner Bros has done, would "get it" and release full high-quality versions of their catalogues at lower prices which would ultimately push the cheap and unreliable copies out of the market here.

However, when I was in Huangzhou receiving an award for educational contributions to Zhejiang province in April, I discovered a new and much higher quality pirated product was emerging on the market.

These are very slickly packaged, sometimes with graphic posters and inserts not found on the American market as far as I know. They are in a standard black push-to-close box, just like the videos I rent at Blockbuster in Forest Grove. They are in a sense more high-tech than U.S. copies in that they are frequently in advanced formats, and commonly have a variety of subtitle or even audio tracks not available on the U.S. releases.

I assumed that the new product reflected the Hangzhou local production facilities or possibly the local market. Hangzhou has been a production

center in global trade for well over a thousand years — Marco Polo wrote about its riches in the 12th century —and I was not surprised to see it take the lead in piracy, too.

However, when I got to Wenzhou in December, I found that the changes in quality were apparently at least region wide in that the same slick products are now available here.

The price has gone up somewhat. I noticed that when "Atonement" first came onto the market here (about three weeks after the U.S. release) it was available only in one high-end store in the toney Wuma Jie shopping district and cost 20 RMB, about three dollars— an unheard of price for a pirate DVD. No amount of spirited haggling would get the price down, either. The clerk simply told me I could not find it anyplace else, which was true--for about a week. Then it appeared simultaneously all over town, and in different packaging as well. The classical 12 RMB version was available in smudgy off-set printing, but so was the high-end beautifully printed and boxed version, which I have heard, ahem, plays flawlessly in a number of languages with a rich choice of subtitles.

I see now that my original hopeful prediction of a crossover point for quality vs. cost was only partly accurate. Chinese viewers have moved up-market as their disposable income has improved, but so have the pirates moved up with them, improving quality of product as well as the slickness of advertising and packaging.

It seems to me now that a solution will be found to this issue, but it will not be the one I earlier envisioned. I now believe that market realities will force American video entrepreneurs, perhaps the studios themselves, to invest in the pirate companies here.

Such partnerships will give the current pirates first shot at new films, done from original masters ensuring quality, and will make the copyright and intellectual property rights issues an internal Chinese problem. We would soon see reformed pirates, with a real knowledge of the industry and thus able to make a strong case appearing in a Chinese court — "I

used to work for that guy and his production and supply chain looks like this... —" suing the pants off unlicensed competitors on the ultimate behalf of American companies.