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The other shared files: pornography

Adult film industry profits from services

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As Apple Computer and other rivals backed by the music industry try to draw users away from the popular file-sharing programs, there's one area in which they can't compete: porn videos.

While much has been reported about the billions of free music and Hollywood movie files on the file-sharing services, there's been far less attention paid to the abundance of pornography available for download.

According to a study of an 18-day period in February by Palisade Systems Inc. of Ames, Iowa, about 42 percent of the 22 million searches on one of the main file-sharing networks were for pornographic video, compared to 38 percent for copyright-protected audio files.

Most of the controversy surrounding file-sharing programs like Kazaa, Grokster and Morpheus has centered on the trading of free music and movie files. The recording and film industry call this practice piracy and have filed copyright infringement suits trying to shut them down.

But the adult film industry has not taken such a stance, despite the plentiful amount of porn available. Instead of fighting file sharing, some in that industry -- estimated to be generating \$750 million to \$1 billion per year in revenue -- are quietly finding new ways to profit from it.

"The porn guys are smart, they've figured out how to use the technology," said Grokster President Wayne Rosso.

Rosso said that his firm, incorporated on the island of Nevis, West Indies, doesn't track what Grokster users are trading, but that he believes the amount of pornography on the network "is less than the percentage of porn on the Internet as a whole."

But the adult filmmakers "know how to market themselves," Rosso said. "You've got to sit there and say to the recording industry or the movie industry, 'Look at what these guys are doing. Why can't you take a cue from them?'"

But given the file-sharing services' popularity among the younger set, there has been a government outcry over children's exposure to pornography through these programs. Recent reports by the General Accounting Office and the House Committee on Government Reform said half of the searches of words like "Pokemon," "Britney Spears"

and "Olsen twins" returned unrelated pornographic video and images.

"There's tons of it," both legal and illegal, said Mark Ishikawa, chief executive officer of BayTSP Corp., a Campbell firm that specializes in monitoring the Web to help companies track digital copyright violations.

Most disturbing is the child pornography available on file-sharing networks,

Ishikawa said. According to the GAO, 8 percent of the images and videos downloaded during its study depicted child pornography.

But it's the legal adult films, along with video games, e-books and software, that may keep file-sharing programs popular, even if the new online music services succeed, said Aram Sinnreich, an entertainment industry analyst.

The adult film industry is "leveraging the power of peer-to-peer," which creates a large online social gathering of potential customers, said Sinnreich,

now a doctoral fellow at the University of Southern California's Annenberg School of Communication.

"The lesson I suggest (the recording industry) learn from the porn industry is: How do you use free to promote paid?" he said.

One way is to embed short, free video clips with links taking the viewer to Web sites that sell more video that is of higher quality, said Scott Hunter, co-founder and chief executive officer of Exploit Systems Inc. of Palo Alto.

Exploit Systems offers technology that gives a secure way for content holders to distribute their wares on peer-to-peer systems.

Hunter declined to name his clients. However, he said Exploit is working with adult video firms, video game firms and "even a couple of small record labels."

"The adult industry is leading the way in peer-to-peer and beginning to monetize it instead of fighting customers," Hunter said. "Any smart merchant can't look at a mall filled with 200 million people and not look at the opportunities to set up a kiosk."

One search conducted last week of Kazaa, the most popular of the services, using the word "sex" turned up hundreds of erotic videos, ranging from one-minute clips to full two-hour movies. The search included about 50 videos that required payment of \$1 to \$5 to view.

A spokeswoman for the biggest adult video maker, Vivid Entertainment Group of Van Nuys, declined comment for this story. Representatives for several other major adult film companies did not return phone or e-mail messages.

But Tom Hymes, editor in chief of AVN Online, an adult entertainment industry trade magazine that specializes in the Web, said that many of the thousands of small,

independent adult Web sites are putting clips on the networks to drive traffic to their pages.

"It's the sharing philosophy that the adult industry has had for a long time," Hymes said. "It's a fascinating industry, so rampantly and relentlessly capitalistic."

Or as Grokster's Rosso said, "Sex sells."

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