AT&T to target pirated content

It joins Hollywood in trying to keep bootleg material off its network.

By James S. Granelli, Times Staff Writer
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AT&T Inc. has joined Hollywood studios and recording companies in trying to keep pirated films, music and other content off its network — the first major carrier of Internet traffic to do so.

The San Antonio-based company started working last week with studios and record companies to develop anti-piracy technology that would target the most frequent offenders, said James W. Cicconi, an AT&T senior vice president.

The nation's largest telephone and Internet service provider also operates the biggest cross-country system for handling Internet traffic for its customers and those of other providers.

As AT&T has begun selling pay-television services, the company has realized that its interests are more closely aligned with Hollywood, Cicconi said in an interview Tuesday. The company's top leaders recently decided to help Hollywood protect the digital copyrights to that content.

"We do recognize that a lot of our future business depends on exciting and interesting content," he said.

But critics say the company is going to be fighting a losing battle and angering its own customers, and it should focus instead on developing incentives for users to pay for all the content they want.

Few doubt that piracy is a significant problem. The major U.S. studios lost $2.3 billion last year to online piracy and an additional $3.8 billion to bootleg DVDs, according to industry statistics. AT&T can help only with the online losses, which the industry said were growing faster than those from counterfeit DVDs.

Cicconi is in Los Angeles to talk at the Digital Hollywood Summit conference in Santa Monica this morning and hopes to discuss the initiative there.

Last week, about 20 technology executives from Viacom Inc., its Paramount movie studio and other Hollywood companies met at AT&T headquarters to start devising a technology that would stem piracy but not violate privacy laws or Internet freedoms espoused by the Federal Communications Commission.

Cicconi said that once a technology was chosen, the company would look at privacy and other legal issues.

"We are pleased that AT&T has decided to take such a strong, proactive position in protecting copyrights," Viacom said in a prepared statement. "AT&T's support of strong anti-piracy efforts will be instrumental in developing a growing and vibrant digital commerce.
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Anti-piracy efforts will be instrumental in developing a growing and vibrant digital marketplace and will help ensure that they have a steady stream of great creative content to deliver to their consumers."

But public interest groups are wary.

"The risk AT&T faces is fighting the last war by spending money and energy plugging an old hole in the wall when new ones are breaking out," said Fred von Lohmann, a senior staff attorney at the Electronic Freedom Foundation. The San Francisco digital-rights organization has sued AT&T, alleging it illegally released customers' phone data to the federal government.

Technology is putting unlimited copying power in the hands of consumers. Von Lohmann said, so the answer to piracy can't be trying to stop them from making copies.

"The answer should be to figure out how to turn them into paying customers," he said.

AT&T's decision surprised Gigi B. Sohn, president of Public Knowledge, a digital rights advocacy group.

"AT&T is going to act like the copyright police, and that is going to make customers angry," she said. "The good news for AT&T is that there's so little competition that where else are the customers going to go?"

Verizon Communications Inc., which has fiercely guarded the privacy of its customers, has refused so far to offer a network anti-piracy tool. It defeated in court the recording industry's demands to reveal names of those allegedly involved in downloading pirated songs.

In mid-March, executives at Viacom and the Motion Picture Assn. of America separately approached Cicconi with the idea of a partnership. Content providers have long looked for a network solution to piracy, but no operator had been willing to join with them.

Efforts to date have focused on filtering and other technologies at the end of uploads and downloads of pirated material, but those have largely failed.

The Recording Industry Assn. of America has engendered a barrage of criticism for its efforts at suing people who download copyrighted songs illegally and who trade in bootleg music CDs.

"They've tried the whack-a-mole approach, and I don't think they're winning," Cicconi said.

james.granelli@latimes.com