EXECUTIVE SUMMARY

Lebanon has made some progress in combating piracy in the past couple of years for some sectors, despite serious political problems and instability. Nonetheless, copyright piracy continues to have a significant negative effect on the legitimate market for U.S. copyright owners in Lebanon. For example, legitimate record companies, and motion picture and television content companies report that copyright-based revenues were down in 2007, and the publishing, business software, and entertainment software industries continue to report mounting losses due to piracy of books and software.

On November 30, 2006, the United States and Lebanon signed a Trade and Investment Framework Agreement (TIFA), which sets the stage for regularized discussions on many trade matters, including intellectual property. IIPA hopes that copyright concerns will be a permanent fixture in the TIFA agenda going forward. At the same time, a review remains ongoing by the U.S. government of Lebanon’s IPR regime as part of the “Country Eligibility Practices Review” of the Generalized System of Preferences (GSP) trade program. In IIPA’s Petition to launch that review, it noted three major deficiencies in Lebanon’s protection of copyright, which remain largely true today: (1) deficiencies in the copyright law in Lebanon that render legal protection inadequate and ineffective; (2) the failure to enforce criminal remedies against pirate cable TV operators, making protection of U.S. audiovisual works inadequate and ineffective; and (3) enforcement efforts against piracy in Lebanon that are inadequate and ineffective.

PRIORITY ACTIONS REQUESTED IN 2008

• **Address Cable Piracy by Issuing Licensing Decree and Commencing Enforcement:** Cable piracy has long been the major piracy problem for the motion picture industry in Lebanon, as hundreds of small cable systems continue to retransmit broadcast programming without authorization and charge customers for these “pirate” pay television services. Both the Minister of Posts and Telecommunications and the head of the Lebanese Telecommunications Regulatory Authority have taken an interest in the fight against cable piracy, but despite being provided with a draft decree that would allow the Minister to regulate and legalize the cable market, no progress on the ground has been forthcoming in issuing the decree or shutting down pirate cable operators. Something needs to be done, and authorities should take their cue from the Cyber Crime and Intellectual Property Rights Bureau (CCIPRB) to answer the task of raiding and shutting down cable piracy once and for all in Lebanon.

• **Attack Pirate Imports and Exports:** The CCIPRB continued actively running raids against retail targets in 2007, but more needs to be done to target major factory-produced and “burned” to order discs, as well as book piracy, whether in photocopied or offset print formats, and whether sold domestically or produced for export. Customs authorities should step up *ex officio* actions to interdict and seize pirate product entering the country or destined for export.

---

• **Prosecutions with Deterrent Sentences in Lebanese Courts:** Part of the hope placed in the CCIPRB is that it will work closely with prosecutors to prepare cases for criminal proceedings. IIPA recommends training a number of prosecutors who will become expert in bringing copyright cases, creating an enforcement reporting mechanism between ministries, Lebanese Customs, and prosecutors, and improving the efficiency of the court system through assignment of specially qualified judges to hear copyright cases. IIPA also calls upon the Lebanese government to seriously consider establishing a special IP tribunal and to assign special prosecutors to become expert in IP cases.

• **Copyright Law and Implementing Key Treaties:** The Lebanese copyright law remains incompatible with major international copyright instruments (for example, the law is incompatible with the WTO TRIPS Agreement). The law should be amended to fix these deficiencies, as well as to protect copyright in the online, digital and wireless environments consistent with the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.

• **Optical Disc Plant:** The Lebanese Government should continue to monitor the one known optical disc plant in the country for illegal activity.

For more details on Lebanon’s Special 301 history, see IIPA’s “History” appendix to this filing at [http://www.iipa.com/pdf/2008SPEC301HISTORICALSUMMARY.pdf](http://www.iipa.com/pdf/2008SPEC301HISTORICALSUMMARY.pdf). Please also see previous years’ reports at [http://www.iipa.com/countryreports.html](http://www.iipa.com/countryreports.html).

### LEBANON

#### Estimated Trade Losses Due to Copyright Piracy (in millions of U.S. dollars) and Levels of Piracy: 2003-2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Records &amp; Music</td>
<td>2.8</td>
<td>60%</td>
<td>2.6</td>
<td>60%</td>
<td>3.2</td>
</tr>
<tr>
<td>Business Software*</td>
<td>24.0</td>
<td>73%</td>
<td>23.0</td>
<td>73%</td>
<td>20.0</td>
</tr>
<tr>
<td>Books</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>4.0</td>
</tr>
<tr>
<td>Entertainment Software</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Motion Pictures*</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>1.0</td>
</tr>
<tr>
<td>TOTALS</td>
<td>26.8</td>
<td>25.6</td>
<td>28.2</td>
<td>31.0</td>
<td>28.5</td>
</tr>
</tbody>
</table>

#### PIRACY UPDATES IN LEBANON

**Cable Piracy:** There remain between 600 and 700 pirate cable operators serving over 80% of the Lebanese population. These operators retransmit domestic and foreign terrestrial and satellite programming without authorization to their subscribers (estimated to number about 720,000) for an average monthly fee of US$10. Occasionally, these systems also use videocassettes or DVDs to broadcast directly to their subscribers, including the broadcasting of recent popular movies and television shows. Each cable operator retransmits about 100 different television channels, including a minimum of four movie channels that broadcast motion pictures 24 hours a day. Motion pictures are frequently retransmitted by these pirate cable operators prior to their theatrical release or legitimate broadcast by television stations in Lebanon. As a result, local broadcast television stations have cancelled long-
standing licenses with copyright owners because they cannot compete with the pirates. A survey on the economic impact of cable piracy in 2000 estimated that the Lebanese government was losing approximately US$38 million a year due to cable piracy. One legitimate cable operator, Econet, has even had a bankruptcy lawsuit filed against it because it cannot compete with pirate operators.

While many lawsuits have been brought over the years against various cable operators, there has been little deterrence against either the specific cable operator targeted or the pirate cable community. No new decisions regarding cable piracy were handed down in 2006 or 2007. As noted, both the Minister of Posts and Telecommunications and the head of the Lebanese Telecommunications Regulatory Authority have taken an interest in the fight against cable piracy, but despite being provided with a draft decree that would allow the Minister to regulate and legalize the cable market, no progress on the ground has been forthcoming in issuing the decree or shutting down pirate cable operators.

Book Piracy, Including Production for Export: Book piracy remains a major problem in Lebanon. Offset print pirate editions, especially common in the scientific, technical and medical sectors, hurt not only the domestic market, but are being produced for export to countries such as Jordan, Saudi Arabia, and the United Arab Emirates. The export of pirate books makes this problem a particularly harmful one for both local and international publishers. In addition, illegal photocopying in and around university campuses continues to plague academic publishers. Major commercial photocopying enterprises are situated near most campuses to serve students and lecturers who wish to copy books. Most universities have taken little or no action to discourage use of photocopied materials on campus. Enforcement and education officials should work together to target the massive illegal photocopying taking place in and around these institutions.

Retail Piracy: Retail piracy in Lebanon remains serious, running at well over 50%, depending on the industry sector. Although the actions of the CCIPRB have had an impact on the availability of pirated materials in street stalls and shops, retail piracy in brick-and-mortar shops remains a problem. Retail piracy involves optical discs (predominantly “burned” CD-Rs) of sound recordings, movies, entertainment and business software. Some of the “burned” CD-Rs are sourced back to Syria – a major transit country for pirated optical discs smuggled into Lebanon – and the Palestinian territories. Disturbingly, industry now reports that at least four (4) optical disc plants are operational in Syria, not only distributing inside Syria, but also exporting heavily to Iraq and also to Jordan and Lebanon. Several large and small-scale CD-R burning facilities are operational, while small quantities of pirated pressed discs are still imported from Asia, with some discs from China and Eastern Europe. Because of the rise of CD-R burning “to order,” it is essential that, when raids take place, the computers and all servers to which they are directly or indirectly linked be immediately seized and removed – just sealing them and leaving them at the target location is not enough.

5 One cable piracy case decided in 2005 demonstrates how long it can take to achieve justice: a court in Beirut handed down a decision in April 2005 for a criminal case that was filed back in June of 2000 against four cable television pirates for the unauthorized transmission of certain titles owned by U.S. motion picture companies. The court convicted the four defendants, with sentences consisting of fines of US$4,667 for each of the pirates, and damages of US$1,334 each awarded to each of the six plaintiff companies (a total of US$8,004 in damages to be paid by each of the four defendants), plus confiscation of the equipment, court fees, and costs. Two criminal complaints were filed in February 2005, however, due to the assassination of Prime Minister Hariri, the investigation of those complaints was cancelled. In December 2005, a new complaint was filed with the Ministry of Economy and Trade requesting it to inspect the operations of ten pirate cable operators in Beirut. No further action has been taken in regard to this complaint.
6 MPT’s website can be found at http://www.mpt.gov.lb/.
7 TRA’s website can be found at http://www.tra.gov.lb/.
8 An illustrative list of institutions near which enforcement is overdue includes: Notre Dame University, Haigazian University, Balamand University and Lebanese University.
9 Pre-theatrical and pre-video release piracy sourced from camcorder copies and from pirate and parallel imported optical discs have been a widespread problem in Lebanon. Illegal copies of new U.S. cinema releases are on the market within days.
10 Syria has been used in the past as a major “transit country” for shipments of pirated discs into Lebanon from Malaysia. The pirated goods were mostly smuggled into Lebanon via “military roads” between Syria and Lebanon. There have been no real Customs checkpoints at these roads.
11 In the past, some raids resulted in the police leaving computers with copysshops after the raid. These machines should be immediately seized and removed. Otherwise, pirates quickly make back-up copies via USB ports before the authorities return (often weeks or months later), when they finally have a court order to confiscate the computer.
**Business Software Piracy:** The business software industry continues to suffer from high rates of piracy in Lebanon, attributable to the unauthorized use of software in a business setting as well as the loading of illegal or unlicensed software onto hard drives of computers for sale.

**Entertainment Software Piracy:** Entertainment software publishers have reported a worsening of game piracy in recent years. Both factory replicated pirated optical disc product and CD-R burning is found in the market, and the Internet continues to serve as a medium for advertising pirated products. Pirated products are sold in retail shops and through street vendors. Lebanon is also believed to be a transshipment point of pirated video game products into Kuwait (and other countries in the region).

**Optical Disc Production:** There was one known optical disc production factory in Beirut, Lebanon (Skyline) that had been producing over 150,000 discs per month. While the plant is still in operation, the record industry reports that it has been able to visit the plant in 2006, as part of the “IFPI plant visit program” and reports that the plant owner fully cooperated.

**Internet Piracy and Mobile Device Piracy:** Notwithstanding the high cost of telecommunications, Internet piracy is on the rise in Lebanon. In the past, it consisted primarily of offers to sell hard goods (computer software, music CDs, and DVDs, and, e.g., online services offering illegal music compilations for sale in Lebanon via the Internet or e-mail), but P2P downloading has also increased due to the increase in broadband penetration. Lebanon now boasts 950,000 Internet users, or a 20.8% Internet penetration rate, 5,635 separate Internet hosts, and 170,000 broadband connections, or a 3.7% broadband penetration rate. The Lebanese government has been regularly alerted to the existence of these illegal services, but has taken no action regarding these sites to date. Mobile device piracy – the unauthorized loading or preloading of illegal copyright content onto mobile devices such as mobile telephones, iPods, other MP3 players, and recordable media such as flash drives and memory sticks – can now also be found in Lebanon.

**ENFORCEMENT UPDATES IN LEBANON**

**Special IPR Unit Continues to Make Gains in 2007, Despite Political Challenges:** The early signs of success and increased cooperation regarding the fight against retail piracy in 2006 and 2007 appear to be holding up despite difficult politics and security concerns in Lebanon. The Lebanese government’s special police bureau, the Cyber Crime and Intellectual Property Rights Bureau (CCIPRB), has remained available and willing to conduct and participate in retail raids. In 2007, the CCIPRB Unit grew from 25 officers (5 ranking officers and 20 junior officers) to 33 total officers (15 ranking officers and 18 junior officers). Like all other police units, the Unit does not have a formal budget. The Unit’s police officers are generally more knowledgeable in intellectual property and cybercrime than their predecessors or other fellow officers. While *ex officio* actions are not accepted as a matter of course in Lebanon, (i.e., the police need to be instructed by the prosecutors’ office in order to take action), because of the improved relationship with CCIPRB, copyright owners have been able to request raids even prior to filing a formal complaint. As a demonstration of its commitment and efforts over a period of months, the unit held a destruction ceremony on July 5, 2007, bulldozing over 100,000 pirate CDs and DVDs. The event received a great deal of press coverage.

---

12 See The World Factbook, Lebanon, at [https://www.cia.gov/library/publications/the-world-factbook/geos/le.html](https://www.cia.gov/library/publications/the-world-factbook/geos/le.html). See also Internet World Stats, at [http://www.internetworldstats.com/stats5.htm](http://www.internetworldstats.com/stats5.htm). These statistics are up-to-date as of November 30, 2007, are based on Census Bureau data, while usage numbers come from various sources, mainly from data published by Neilsen/NetRatings, ITU, and other trustworthy sources. See also Internet World Stats; Lebanon, at [http://www.internetworldstats.com/middle.htm#lb](http://www.internetworldstats.com/middle.htm#lb) (reporting that there were 950,000 Internet users as of August 2007, representing a 20.8% penetration rate, according to the International Telecommunications Union, and 170,000 broadband Internet connections as of September 30, 2007, according to the International Telecommunications Union).

13 A main problem remains the political instability, resulting in an inability to target high-profile pirates (as they are linked with some of the Palestinian camps in southern Lebanon).

14 CCIPRB held a destruction ceremony at Roumieh Prison in January 2007, destroying thousands of pirate discs, and worked with the software industry to identify ten high profile targets for 2007.
In addition to the good work of the CCIPRB, there is reportedly increased cooperation with Lebanese Customs on tackling imports (especially) and with inspectors of the Ministry of Economy and Trade. IIPA recommends that U.S. government training continue to be directed at the CCIPRB Unit as well as Customs and MOET officials.

Courts Have Failed to Deter or Adequately Compensate for Piracy: A major problem in Lebanon’s enforcement system remains the lack of successful civil cases and criminal prosecutions with deterrent sentences meted out in Lebanese courts. U.S. copyright industry representatives have pursued criminal complaints (e.g., against cable pirates) and civil cases have also been pursued to a limited extent. Unfortunately, these cases have not led to deterrent results. The Lebanese government must encourage judicial authorities to adjudicate promptly all intellectual property cases and to impose the maximum penalties allowed under Lebanese law. Inefficiency in the judicial system is a major obstacle to reducing the level of piracy in Lebanon. Postponements in court, even of urgent matters, are the norm, and criminal cases can take years to reach judgment.

Additional training for judges is crucial in our view. Judges should be trained in the basics of IP laws and the importance of deterrent sentencing. Judges should also be sensitized to the significance of IP offenses and the damage IP offenses cause to creators, as well as the impact lack of deterrence in IP cases has on Lebanon. In addition, IIPA recommends that a special IP prosecutor and a special IP court be established.

TRAINING AND TECHNICAL ASSISTANCE

Industry continues to be engaged in copyright issues in Lebanon, and providing training. Industry groups (including MPA, BSA and IFPI) organized training seminars for police officers of the Cybercrime and IPR Bureau (this took place in the UK in 2006). Another training seminar was organized in late 2007 in Australia (BSA and IFPI participated). The publishing industry has also been actively engaged over the past two years, working with the MOET to raise awareness on campuses of the importance of copyright. On September 5, 2007, IIPA and MPAA representatives sat down with the head of the Lebanese Telecommunications Regulatory Authority to discuss approaches to effectively addressing cable piracy in Lebanon.

Other specific technical assistance initiatives in 2006 and 2007 have included the following:

- IIPA members assisted the Ministry of Telecommunications with draft legislation aimed at regulating Lebanon’s cable industry, although, unfortunately, that legislation has not moved toward passage.
- IIPA members assisted the U.S. expert retained by USAID to draft cable legislation for Lebanon.
- IIPA members have provided copyright law training to the Special IPR Cybercrime Unit.
- There have been several training seminars by industry for inspectors of the Ministry of Economy and Trade.

MARKET ACCESS

Censorship: The censorship rules in place in Lebanon are still a barrier to full market access for the recording industry. Although their enforcement has become more flexible over the past couple of

---

15 In one very disturbing development in late 2004, the Beirut Court of Appeals reversed a conviction handed down by the trial court against Jammal Trust Bank, a local bank which was adjudged, on the basis of a court-appointed expert, to be using unlicensed software. The Court of Appeals reached its decision, ruling that the use of the software by the bank did not result in any commercial benefits to the bank. This decision is very troublesome, and shows the lack of familiarity of the judge with the copyright law as well as the problem of piracy and its implications.
years, there are still numerous recordings that fail to qualify under the opaque criteria. These censorship rules should be applied with great restraint, on a non-discriminatory basis and according to transparent criteria.

COPYRIGHT LAW AND RELATED ISSUES

Copyright Law of Lebanon Should be Modernized, and TRIPS Deficiencies Fixed: The Copyright Law of Lebanon (effective June 14, 1999) provides, on its face, a sound basis to enforce against piracy of works and sound recordings, including stiff penalties (in theory) for copyright infringement, stiff penalties against cable pirates, confiscation of illegal products and equipment, the closure of outlets and businesses engaged in pirate activities, and a Berne-compatible evidentiary presumption of copyright ownership. The law also outlaws the trafficking in satellite or cable decoders (i.e., devices that receive, or arrange the receipt of, unauthorized transmissions of broadcasts “dedicated to a section of the public who pay a fee to receive such broadcasting”). The law further provides right holders with a broad communication to the public right (Article 15), but does not take other necessary steps to fully implement the WIPO Internet Treaties, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT). The Lebanese government should be encouraged to fully implement these important treaties, and accede to them as soon as possible.

Unfortunately, the law remains deficient with respect to international standards in several respects, including:

- There is no direct point of attachment for U.S. sound recordings (however, a point of attachment for U.S. sound recordings can be achieved by simultaneous publication in the U.S. and any Rome Convention Member).

- Works and sound recordings are not explicitly given full retroactive protection in accordance with international treaties.

- Article 25, even as implemented by decision No. 16/2002 (July 2002), still does not meet the standards/requirements of the Berne Convention or the TRIPS Agreement. While many modern copyright laws include specific exceptions for the copying of computer programs under narrowly defined circumstances and/or exceptions allowing the copying of certain kinds of works for “personal use” (but almost never computer programs, except for “back-up” purposes), Article 25 sweeps far more broadly than comparable provisions of either kind, to the detriment of copyright owners. The implementing decision addresses some areas of concern raised by IIPA in the past, but not the chief area, which is that the exception is essentially a free compulsory license for students to make multiple copies of a computer program. Such an exception violates the requirements of Berne and TRIPS since it “conflicts with a normal exploitation of the work” (software aimed at the educational market).

---

16 Lebanon is a member of the Berne Convention (Rome [1928] Act) and the Rome Convention. Lebanon should accede to the Berne Convention (Paris [1971] Act), and should join the Geneva (phonograms) Convention in order to provide clearer protection to international sound recordings; Lebanon should also join the WIPO “Internet” Treaties, the WCT and WPPT.

17 While elements within the Lebanese government have proposed the drafting of a Cable Regulation Law, it would be more important to ensure strong public enforcement action against cable pirates through the strong provisions against cable piracy in the existing copyright law.

18 For example, the law should prohibit circumvention of technological protection measures used by copyright owners to protect their works in the digital environment from unlawful access or unlawful exercise of rights. The law should also prohibit trafficking in circumvention devices or provision of circumvention services. Finally, while broadband is still only on the horizon, legislation should provide sufficient remedies against piracy over the Internet, including notice and takedown provisions so that Internet Service Providers will cooperate with right holders.

19 A detailed discussion of deficiencies in Lebanon’s copyright law can be found in the 2003 Special 301 report, at http://www.iipa.com/rbc/2003/2003SPEC301LEBANON.pdf. The government of Lebanon must consider the far-reaching consequences of its failure to bring its law into compliance with international standards, including potential negative effects on its chances to quickly accede to the World Trade Organization. WTO members will expect Lebanon to achieve minimum standards of intellectual property protection as spelled out by the TRIPS agreement.
and it “unreasonably prejudices the legitimate interests of right holders” (eliminating completely the educational market for software).

- There are certain other overly broad exceptions to protection (e.g., Article 32).

- The law does not accord a right of action to exclusive licensees, which is a significant obstacle to efficient enforcement, given that the exclusive licensee in a territory is invariably the party with the strongest interest in stopping piracy and has the best information about it.

- Most significantly, deterrent penalties provided on the books are not carried out in practice. Lebanon’s legal framework at present pays only lip service to the severe problem of piracy.

Each of the issues noted would arise in context of Lebanon’s bid to join the WTO, and Lebanon must take measures to address these deficiencies.

**Bill to Join the Berne Convention (Paris 1971 Text):** On September 3, 2007, the Lebanese Government forwarded to the Parliament a draft law to ratify the Berne Convention (1971 Paris text). Lebanon adheres to the Rome (1928) text, so accession to the 1971 Convention would be a welcomed development. The Parliament has not acted on this draft law yet.

**GENERALIZED SYSTEM OF PREFERENCES**

On September 3, 2003, the United States Trade Representative “accepted for review” a Petition filed by the IIPA with the U.S. government as part of its “Country Eligibility Practices Review” of the Generalized System of Preferences (GSP) trade program. To qualify for benefits under the GSP Program, namely, duty-free imports of many of Lebanon’s key products into the United States, USTR must be satisfied that Lebanon meets certain discretionary criteria, including that it provides “adequate and effective protection of intellectual property rights.” IIPA’s Petition noted three major deficiencies in Lebanon’s protection of copyright that caused economic harm to U.S. right holders that result in Lebanon failing to meet the GSP standard of providing “adequate and effective” copyright protection in practice: (1) deficiencies in the copyright law in Lebanon that render legal protection inadequate and ineffective; (2) the failure to enforce criminal remedies against pirate cable TV operators, making protection of U.S. audiovisual works inadequate and ineffective; and (3) enforcement efforts against piracy in Lebanon that are inadequate and ineffective.

The GSP program is important to Lebanon. In 2006, Lebanon imported $34.2 million worth of products into the United States duty-free, or 39% of its total imports into the U.S. For the period January to November 2007, Lebanon imported almost $45.8 million worth of products into the United States duty-free. This represents both a 50.8% increase year-on-year, and a significant 46.5% of its total imports into the U.S. Thus, in addition to being the right thing to do, it is in Lebanon’s economic and political interest to take steps to maintain its eligibility.

While noting that these three deficiencies remain largely unresolved, in IIPA’s June 2007 update to the U.S. government’s GSP Subcommittee, IIPA recommended that, in light of the difficult political and security situation on the ground in Lebanon, the Committee withhold recommending that Lebanon’s eligibility to participate in the GSP Program be removed. In October 2007 written and oral testimony before the GSP Committee, IIPA again recommended that, given “some signs of improvements in enforcement by the Cybercrime and IPR Bureau, but with courts remaining ineffective and the cable piracy problem remaining largely unchecked,” the GSP Subcommittee “provide the Lebanese government with some additional time, maintain this petition in the short-term, continue to monitor progress in key problem areas, and ultimately recommend to the President that he make determine that Lebanon fails to meet the GSP standards if serious progress is not made in that short-term period.”