

HOW BIG IS THE ONLINE PIRACY PROBLEM IN CANADA?

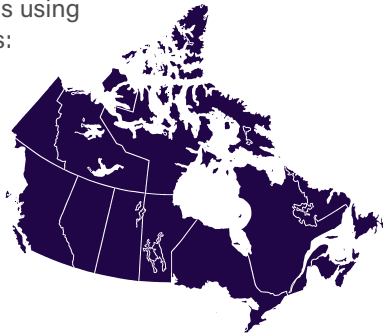
26% of Canadian content consumers accessed pirated music, movies, TV shows, video games, e-books and/or software. Movies and TV shows were most likely to be downloaded, streamed or accessed illegally. 74% of Canadian content consumers only consumed content legally.¹

36%
of Canadian movie consumers consumed pirated movies.

34%
of Canadian TV show consumers consumed pirated TV shows.

MPA's custom analysis using SimilarWeb data finds:

3.8B visits to piracy sites by Canadians in 2020.

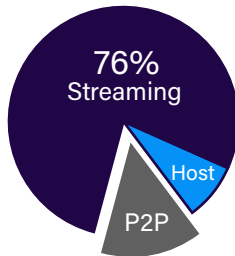


The International Intellectual Property Alliance (IIPA) reports that demand for legitimate digital streaming and VOD services is being suppressed by²:

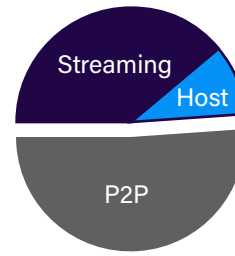
- **Subscription Piracy services** (infringing paid Internet Protocol Television (IPTV) and **Video-on-Demand** (VOD) services) and the ever-increasing Canadian re-sellers of these services
- **Streaming sites** and other online sources for unauthorized movies and TV shows
- **Piracy Devices and apps**, readily available both online and in the retail market

WHAT TYPES OF PIRACY SITES AND APPS DO CANADIANS USE?

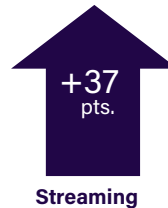
76% of Canadians' visits to site used for online piracy are to streaming sites.



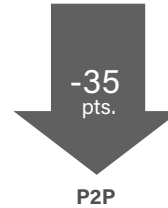
2020
Data by SimilarWeb



2015
Custom Analysis of Alexa Data



Since 2015, streaming site share has **increased from 39% to 76%**, while P2P site share has **decreased from 51% to 16%**.



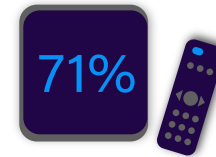
The most popular online piracy sites in Canada as of December 2020:

Streaming	Host	P2P
fmovies.to	clipwatching.com	rarbg.to
soap2day.to	uptobox.com	yts.mx
9anime.to	1fichier.com	1337x.to

Sandvine reports provide estimates on use of emergent forms of piracy:

12% of households used known subscription TV piracy services in 2020, up from 9% in 2019 and 8% in 2018.³

10% of Canadian households have at least one set-top box, computer, smartphone or tablet running Kodi software, a higher proportion than in the U.S. (6%).⁴



of these households with devices running Kodi software have unofficial add-ons configured to access unlicensed content.

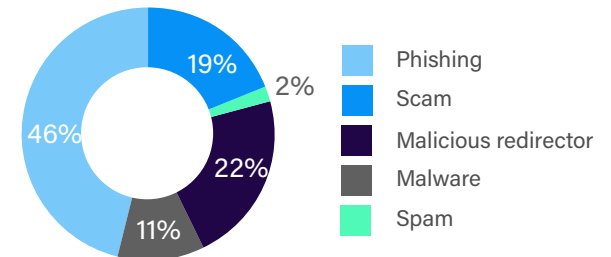
WHAT ARE THE CONSUMER RISKS FROM PIRACY SITES?

According to a study by RiskIQ⁵ for MPA-Canada:

1 out of 4 content theft sites visited by Canadians expose consumers to **malicious content**.



46% of the malicious content on content theft sites visited by Canadians is **phishing**, where fake sites defraud users to log their user name and password information, often redirecting users to legitimate websites afterwards.



RiskIQ also found that Canadians are:

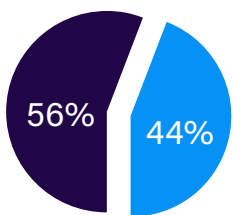
30x more likely to be exposed to malicious content on a content theft site than on a site in the general website population, and



none of the user visits for **legal** online video sites resulted in exposure to malicious content.

56% of malware is delivered through “drive-by-downloads” where users are exposed without having to click on anything or do anything to confirm the download. In user-initiated cases, users are lured with fake prompts that they click to allow the download.

Malware via drive-by downloads



Malware via user-initiated downloads

According to a study by Carnegie Mellon researchers⁶:

2X time spent on piracy sites = **20%** more malware infections

In other words, the more users visited piracy sites, the more often their machines were infected with malware.

Many consumers do not realize that illicit streaming devices (ISDs) may also pose serious cybersecurity threats by becoming an unrecognized vector for hacking and cyber-intrusions.⁷

WHAT'S THE ECONOMIC HARM FROM PIRACY?

USPTO/APEC reports⁸ that:

Given the easy access of streaming technology, consumers are increasingly turning to illegitimate sources for entertainment content. The use of ISDs is extremely damaging to the creative industry and rights holders. ISDs undermine innovation and intellectual property rights, substantially leeches from financial/capital investment outlays, and drains the commercial viability of legitimate streaming services.

\$160B is the estimated commercial value of digital piracy of film worldwide in 2015, according to a Frontier Economics study. The displacement of legitimate economic activity by counterfeiting and piracy has a negative effect on economic growth.⁹

14-15% is the estimated increase in U.S./Canada box office if piracy could be eliminated from the theatrical window. The promotional effect of piracy is far outweighed by the cannibalization effect.¹⁰

Sources

¹Government of Canada, Study of Online Consumption of Copyrighted Content: Attitudes Toward and Prevalence of Copyrighted Infringement in Canada, May 2018.

²IIPA, 2020 Special 301 Report on Copyright Protection and Enforcement, February 2021.

³Sandvine, The State of Affairs: A Spotlight on Video and Television Piracy Worldwide, February 2020.

⁴Sandvine, Video Piracy in Canada, April 2018.

⁵RiskIQ, 2018 Study of the Presence of Malicious Content at Content Theft Sites Visited by Canadian Consumers, April 2019.

⁶Rahul Telang, Does Online Piracy Make Computers Insecure? Evidence from Panel Data, March 2018.

⁷Intellectual Property Experts Group, Domestic Treatment of Illicit Streaming Devices by APEC Economies, March 2021.

⁸Ibid.

⁹Frontier Economics, The Economic Impact of Counterfeiting and Piracy, February 2017.

¹⁰Montgomery, Ma, Smith, The Dual Impact of Movie Piracy on Box-office Revenue: Cannibalization and Promotion, February 2016.

Methodology

Visits to sites: This custom analysis uses SimilarWeb data to report across a group of sites often used for online piracy by category. It measures access to sites, but does not indicate what type of content was accessed (e.g. movies, TV, games, software, etc.).

SimilarWeb data used in this report represents visits to websites by Canadian desktop and mobile users from January 2020 - December 2020. SimilarWeb is a market intelligence company that uses a combination of panel, crawler, ISP and other data for its data estimations. See: <https://www.similarweb.com/ourdata> and <https://support.similarweb.com/hc/en-us/articles/360001631538-Similar-Web-Data-Methodology> for more information.

For the purpose of this analysis, sites used for online piracy included:

- Sites with over 10,000 copyright removal requests according to the Google Transparency Report. (<http://www.google.com/transparencyreport/>) as of January 2021
 - Including sites with any TV and/or movie content.
 - Excluding sites with only adult, music, games, UGC and eBook content.
- Sites blocked in various countries or shut down, which have TV and/or movie content.
- Sites from www.operationcreative.uk and www.piracybank.org and other internal and external sources.

24,980 sites were included, based on SimilarWeb data. MPA placed the sites into custom analysis categories including streaming sites (19,348), P2P sites (4,580) and cyberlocker/host sites (1,052).

Malicious Content Analysis: MPA-Canada commissioned RiskIQ to analyze the prevalence and nature of malicious content on sites that facilitate copyright infringement (content theft sites) visited by Canadian consumers. RiskIQ analyzed the rate of malicious content exposures across a sample of content theft sites against a control group representing the general web site population. RiskIQ defines malicious content as software designed with a possible malicious intent to gain unauthorized access, collect private data, or inflict intentional damage (malware), as well as phishing, spam, scams and malicious redirectors.

When measuring exposure to malicious content, RiskIQ detected both “exact matches” (cases of malicious content already in a known database) and “high probability “reputational matches” (based on matching various characteristics that make them likely to be malware). Key findings here are for exact matches only.

www.mpa-canada.org/research_docs/riskiq-study-2018/