

DECLARATION OF JACK VALENTI

I, Jack Valenti, declare:

1. I am the President and Chief Executive Officer of the Motion Picture Association of America ("MPAA") and also serve as the Chairman of *The Copyright Assembly*. *The Copyright Assembly* was established earlier this year with the purpose of preserving, protecting and defending the sanctity and concept of Copyright. I am a charter member of *The Copyright Assembly*. I have personal knowledge of the facts stated and, if called and sworn as a witness, could competently testify thereto.

2. *The Copyright Assembly's* members are representatives from the entire spectrum of American creative talent, including the software industry, the sports industry (both professional and amateur), film producers, television programmers, broadcast stations and networks, music creators and publishers, photography, magazine and newspaper publishers, and the creative guilds. Current members of *The Copyright Assembly* include: ABC Television Network; American Association of Advertising Agencies; American Federation of Television and Radio Artists; American Film Marketing Association; American Association of American Publishers; American Society of Composers, Authors and Music Publishers; BMI (Broadcast Music, Inc.); Business Software Alliance; CBS Corporation; Directors Guild of America; ESPN; Fox Broadcasting Company; Interactive Digital Association; Ladies Professional Golf Association; Magazine Publishers of America;

Academy of Recording Arts & Sciences; National Association for Stock Car Automobile Racing (NASCAR); National Association of Broadcasters; National Basketball Association; National Cable Television Association; National Collegiate Athletic Association; National Football League; National Hockey League; National Music Publishers' Association; NBC; Newspaper Association of America; Office of the Commissioner of Baseball; PGA Tour; Producers Guild of America; Professional Photographers of America; Recording Industry Association of America; Screen Actors Guild; SESAC; Software and Information Industry Association; The Songwriters Guild of America; Video Software Dealers Association; Writers Guild of America; and Motion Picture Association of America.

3. The copyright community is the largest contributor to this nation's economy. The intellectual property created by these industries generates over \$65 billion annually in *international* revenues alone -- more than automobiles and auto parts, more than aircraft, more than agriculture. It produces jobs at three times the annual rate of the American economy as a whole.

4. *The Copyright Assembly* was formed because its members are deeply concerned about the future of creative works, particularly in light of the explosive growth of the Internet. All of the members of *The Copyright Assembly* are actively embracing new Internet opportunities for consumers, and are developing new, inventive business models to deliver our creative works to homes, businesses, schools, universities. Many of them are now in the process of licensing their creative works in a manner that can make them available to consumers via the Internet. Hundreds of millions of dollars are now being invested by our

members to develop this new economy. They are all eager to be part of this revolutionary technology.

5. However, we also worry lest the great potential, the immense future worth of the Internet, becomes tangled by overt and covert piracy of copyrighted material. As legitimate businesses emerge on the Internet, illegitimate intruders find the Internet a haven. Piracy of copyrighted material is already a multi-billion dollar problem worldwide. For example, an estimated 38 percent of all software programs used worldwide in 1998 was pirated, at a market value of \$11 billion and a loss of 109,000 American jobs. And, the economic impact of piracy stems well beyond the creative industries alone. It harms economies worldwide in the form of lost jobs and decreased tax revenues, and by inhibiting electronic commerce.

6. Napster has become a focal point for the unauthorized reproduction and electronic transmission via the Internet of copyrighted works in the form of audio recordings. It has gained enormous success by encouraging and facilitating what amounts to piracy of copyrighted works. If Napster can encourage and facilitate the distribution of pirated sound recordings, then what's to stop it from doing the same to movies, software, books, magazines, newspapers, television, photographs, or video games? Literally, any intellectual property that can be digitized is vulnerable to the wholesale piracy enabled by Napster. The owners and creators of copyrighted material will of course be hesitant to offer their works over the Internet if they cannot be protected from this type of unauthorized duplication and dissemination.

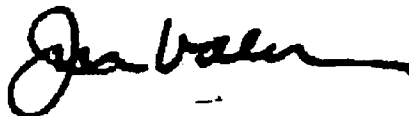
7. Napster contributes to another very dangerous, though less tangible, problem for the

members of *The Copyright Assembly*. If the courts allow Napster and services like it to continue to facilitate massive copyright infringement, there is a grave risk that the public will begin to perceive and believe that they have a *right* to obtain copyrighted materials for free. This perception, of course, runs contrary to the entire complex system of copyright laws, which are designed to foster and encourage creativity and innovation by rewarding the creators. If the public believes that it ought to be able to obtain these materials for free, it will become more and more difficult to maintain legitimate markets for these materials, and the people and companies who provide the funds to create this material will have less and less incentive to do so.

8. Creative works do not spring from a void. The seed bed of this creativity lies within the imagination, artistry and ingenuity of a community of artists and craftspeople who provide Americans with most of what they read, hear and watch. It is the summation of massive infusion of risk capital that must be, for the most part, recouped else the risk becomes too large, the capital becomes too cautious, and the works dry up. The protection of Copyright and copyrights is not antagonistic to the new technologies, such as the Internet. Not at all. But if we cannot protect what we invest in, create and own, then we really don't own anything.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on \_\_\_\_\_, 2000.



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Jack Valenti