



February 26, 2004

Senator Orrin Hatch
Senator Joseph Biden
Senator Saxby Chambliss
Senator John Cornyn
Senator Larry Craig
Senator Mike DeWine
Senator Richard Durbin
Senator John Edwards
Senator Russell Feingold
Senator Dianne Feinstein
Senator Lindsey Graham
Senator Charles Grassley
Senator Edward Kennedy
Senator Herbert Kohl
Senator Jon Kyl
Senator Patrick Leahy
Senator Charles Schumer
Senator Jeff Sessions
Senator Arlen Specter
C/o United States Senate
Washington, DC 20510

Dear Senate Judiciary Committee:

We are pleased to forward the attached response from Sharman Networks Ltd. (SNL), which addresses letters recently sent to your attention from the IO Group (dba Titan Media).

As you may know, SNL, a Charter Member of DCIA, conducts its operations from Sydney, Australia, under Australian registration, and is represented before Congress by Mr. Philip Corwin, Esq., of Butera & Andrews, who has responded on SNL's behalf in this matter.

Four of the issues raised in the IO Group's letters also apply more generally to our Members and industry; thus we are taking the liberty of briefly sharing with you our comments as well, in addition to offering to meet with you personally to further discuss these points and, if you wish, provide a demonstration of the relevant peer-to-peer (P2P) file-sharing technologies.

Please also note that our charter calls for balanced participation among platform companies (e.g., broadband ISPs), operating companies (e.g., P2P software firms), and content companies (e.g., music labels and publishers), and that we are actively seeking to bring all of these sectors into the DCIA so that the process of developing viable consumer-friendly new business models can move forward.

1. The DCIA encourages its Members who distribute P2P file-sharing software applications to provide tools for their users to help protect children from exposure to inappropriate content. SNL's Kazaa Media Desktop (KMD), for example, installs with its family filter preset to block adult material, permits users to add keywords to identify additional files to be blocked, includes an option to block all still and video images, and provides parental password protection.

2. P2P software providers do not, however, have the ability to comprehensively track, monitor and report on the vast numbers of digital files transferred through the use of their applications by consumers. The DCIA encourages its P2P Members to cooperate with rights holders of copyrighted works, who through legal process obtain the names and addresses of any individuals using their software to illegally redistribute such works, by warning these individuals that they are in violation of permitted usage.

3. The DCIA also encourages its content-owning Members and other rights holders of copyrighted works to utilize digital rights management (DRM) tools to protect their content in P2P distribution. DCIA Member Digital Containers, Inc. (DCI) offers DRM specifically for P2P. DCIA Member INTENT MediaWorks markets DRM protected files to consumers who use P2P software, as does DCIA Charter Member Altnet, Inc., a wholly owned subsidiary of US publicly-traded Brilliant Digital Entertainment, Inc. Altnet is the global leader in online distribution of licensed content.

4. At the same time, the DCIA encourages its content-owning Members to explore possible introduction of enhanced copy-protection technologies to prevent CDs and DVDs containing their material from being uploaded for distribution on the Internet without authorization, as well as from other types of unlicensed copying. Along with such protective measures, we also urge examination of personal computer hardware bundling with software that enables CD burning and ripping digital content to compressed file formats for consumers to share by e-mail, instant messaging, and P2P.

In our view, the best way to address copyright holders' concerns regarding unauthorized digital distribution is to license content for secure P2P distribution, particularly music from major labels that has been until now withheld from P2P, rather than relying on litigation against consumers and seeking impractical limitations on technology.

Thank you for your interest in this technically challenging and rapidly developing area. We would like to help you ensure that the online content marketplace evolves competitively and provides consumers with choices among a variety of business models and distribution technologies.

Cordially,

Martin C. Lafferty
CEO, DCIA

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