

## ***Field Report from Hungary***

*Adapted from the broadcast audio segment; use the audio player to listen to the story in its entirety.*

In 2010, Hungary was removed from a list that's part of something known as the Special 301 Report. It's a watch list compiled by the Office of the US Trade Representative (USTR). It contains the names of countries that USTR says fail to adequately protect intellectual property rights. American University Law Professor Jim Mendenhall says many countries don't like being on this list.

"It's an embarrassment to them if they appear on the list. They care because it reflects upon the rule of law within the country."

Although Hungary has made its way off the U.S. watch list, that doesn't mean that illegal trade doesn't still exist in the country.

Four Dragons is the outdoor market everyone is directed to for cheap pirated goods in Budapest. Vendors sell a mix of legal and illegal products here from rows of shaded stalls set up on hard packed dirt. New phones are sold alongside fake iPhones. Household cleaners are sold next to packs of Energizer batteries that don't have the right logo.

Counterfeiting is obviously still a problem in Hungary, but the government continues to tackle the issue as best they can. Since 2008, Hungary has stepped up the number of raids on shops selling counterfeit products. The country has trained law enforcement and implemented a new strategy to crack down on a broad range of intellectual property rights violations. This includes fake handbags, counterfeit prescription drugs and illegal Internet downloading.

Robert Repassy is Hungary's Deputy Minister of Justice. He says Hungary's communist past left a legacy of corruption and an appetite for the black market that persists today.

"Without a doubt the fight against counterfeiting and piracy is a priority for this government. We want to make the black market white – as white as possible, because counterfeiting and piracy are a big problem for our budget and also rights holders."

Adding to Hungary's predicament is the World Wide Web. Governments around the world have grappled with if and how to enforce intellectual property laws in the age of the Internet.

According to Balazs Bodo, an economist at Budapest Technical University, the question is even more difficult. That's because even if Hungarians want to download music and movies legally, they can't.

"Hungary in terms of digital distribution is a no man's land. We don't have Hulu. We don't have Netflix. We don't have Spotify. We don't have any of these services that would provide the legal alternative. If there is no legal alternative, then the pirates step in."

Bodo says Apple has no interest in bringing iTunes to Hungary either.

"They cannot make enough money by setting up an iTunes store that would justify that investment. They are not willing to bother with this market."

Apple declined to comment but Bodo says Hungary's licensing laws keep big players out of the market and make it impossible for local companies to stay afloat. The government has increased Internet enforcement efforts but Bodo thinks this approach is ill-conceived. File sharing is not a legal problem, he says, but a complex market problem that requires market solutions.

"Provide them alternatives! If there is a sizeable demand to download films online then make it available. Why do you hate me for that demand? Why do you hate those people who post that demand? Why don't you serve that demand?"

Miklós Bendzsel is head of Hungary's Intellectual Property Office. He says he knows the problem can't be solved with enforcement alone.

Bendzsel would like to remove obstacles that keep legal media distributors from setting up shop in Hungary but as yet a healthy legal downloading market is not a reality. Shutting down Hungarian bit torrent sites and confiscating servers remain on the long to-do list.

Gyula Almási is the head of Hungary's Intellectual Property Rights Defense Department. As Almási's team of agents concludes a raid on a Chinatown shop, he sounds just a bit weary.

"This is a... how can I say? This is an unfinishable battle, so it's impossible to finish. Try to do everything but it is a long war between administration and counterfeiters."

*– Reported by Jordana Gustafson for America Abroad*