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Recording industry flexes muscles after *Grokster*

The [Recording Industry Association of America's](#) (RIAA) decision to go after companies that facilitate copyright infringement is bearing fruit. Faced with the impracticality of suing the millions of users who illegally download music and video files, the music industry has been sending out cease and desist letters to popular sites, such as [BearShare](#), [eDonkey](#) and [WinMX](#), which enable users to swap digital files. The letters urged these companies to change their business models to comply with copyright law or shut down.

The threat of costly litigation seems to be having an effect. Speaking to the [Senate Judiciary Committee](#), the president of MetaMachine, the company responsible for eDonkey's software, predicted that his company, along with other peer-to-peer (P2P) services, will cease operations in their current form in the upcoming months rather than face long and expensive legal battles. In addition, one of eDonkey's main competitors, [BitTorrent](#), has already announced that it is seeking funding to transform its technology into a secure system for the distribution of content. Meanwhile WinMX appears to have shut down entirely and is rumoured to be moving offshore.

The industry shift comes as a direct result of the Supreme Court's ruling in [Metro-Goldwyn-Mayer Studios Inc v Grokster Ltd](#), a case which spelled a major victory for the entertainment industry (see [Grokster hits speed bump as Supreme Court adopts inducement rule](#)). In the unanimous decision, the court ruled that:

"one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement."

The court stressed that the defendants, [Grokster Ltd](#) and [StreamCast Networks](#), had explicitly planned to capitalize on Napster's demise. The companies used promotional materials that showed copyrighted songs as examples of the kinds of files available through their services and made no effort to filter copyrighted material from users' downloads. Grokster is set to be acquired by [Mashboxx LLC](#), which plans to launch a fully compliant P2P service in December. Mashboxx has already struck a deal with [Sony](#) to sell its music and is in negotiations with other labels.

File-sharing services are now expected to provide mechanisms to prevent illegal downloading and pay copyright owners. Unlike the current generation, which relies on P2P software, future services will likely maintain centralized servers, and create indexed searches and filters to ensure that their users are not swapping copyrighted material. File-sharing sites may use technology to scan downloaded files and compare them with a master list of copyrighted files provided by the record companies. A user who attempts to download a copyrighted file would be blocked and asked to pay a fee. Music lovers will also have the option of subscribing to monthly services that will permit them to download copyrighted files for a flat monthly fee.

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