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Thorny file-sharing issue to high court

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SEATTLE - The eyes of the technology and entertainment worlds are on the U.S. Supreme Court this week for a pivotal decision that could determine the future of music on the Internet.

The decision on MGM v. Grokster tackles the problem of illegal file-sharing of songs and video over the Web, but its impact could be much broader.

As more creative content goes digital, the case has far-reaching implications for consumers and companies across the country.

At the heart of the case is a question: Should Grokster and other companies that provide technology be held responsible for the actions of people who use the technology?

Rights holders - from movie studios to Major League Baseball - argue that the manufacturers of the technology should be held liable for protecting copyrights. Technology advocates and civil libertarians argue that manufacturers should not have the burden of controlling how their product will be used.

"There should be some way of prohibiting so-called pirate services so copyright owners don't go bust," said Steve Gordon, an entertainment attorney and consultant who has written extensively on the issue. At the same time, he said, "You don't want to thwart new technologies from growing and expanding and helping the economy."

Peer-to-peer networks

Companies on both sides of the debate already have started to formulate strategies. For some, the outcome could make or break their business plans.

That's because the technology behind Grokster's software, called peer-to-peer, or P2P, has spread into all kinds of applications.

Peer-to-peer networks enable files to be transferred directly from one computer to another through a decentralized setup that escapes easy control by a central source. This setup gives P2P enormous power because the software can find and share content - music and video - from one person's computer with the million other PCs on that network.

The film studios and recording companies are suing Grokster, which is registered in the West Indies, along with its cousin Morpheus, created by StreamCast Networks of Los Angeles. They claim Grokster's technology encourages illegal sharing of copyrighted works and should be shut down.

A federal court forced song-trading site Napster to close four years ago, but then new services cropped up to let people share music files directly without going through a central database like the one Napster operated. As a result, millions of people can use Grokster software to download songs free from any other computer with Grokster, bypassing record-industry control.

Courts have rejected MGM's arguments, upholding the 20-year-old Sony Betamax standard. Even though people could use the Betamax recorders for making unauthorized copies of movies, they could also use them for legitimate purposes, so a ban was not justified. That set the precedent for a host of new consumer-electronics products, from

VCRs to personal computers with CD burners.

Record companies blame illegal file-sharing over the Internet for decimating CD sales, now in a three-year decline.

But the Internet itself is also forcing a tectonic shift in the way people are listening to music, watching videos and otherwise using media.

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