

That was the sound heard throughout wall street as entertainment stocks blast off into the stratosphere upon the mid day news that MGM got the best of the Grokster decision. Wall Street traders and investors recognizing that the decision would lead to certain demise for illegal P2P filesharing sites and result in an explosion of music sales over the coming months and years, pushed stocks such as Warner Media Group to all time highs on record volume.

Except that didn't happen.

In the business world, one way to evaluate the financial importance of news is by watching to see how Wall Street responds to it. If there is the slightest glimmer of hope in a news announcement, at least one person is going to think it will have some level of impact and make a bet on the stock and/or industry impacted.

There wasn't a Kaboom, there wasn't a whisper in the market. Not one buyer or seller of stocks gave a damn. Warner Music Group, probably the only public company that is a pureplay proxy for the music business, traded almost exactly the same number of shares as it does every day. The stock was down a nickel.

In other words, no one cared. No one on Wall Street thought that this decision would impact the music business at all.

Of course that's because it won't.

The MGM Grokster decision won't help the content business make more money. It won't help artists make more money. This deal gave something to both sides, but it gave the most to lawyers and lobbyists.

The good news is that at least the SCOTUS kept the focus on how technology is marketed rather than what it does. The bad news is that the MPAA and RIAA will jump all over the slightest double technology entendre that any marketing blurb or item could have.

I'm not sure how companies are going to protect themselves against it.

How are companies who invest in technology going to protect themselves and their investments against it?

This is from a contract for an investment that I was looking at. It was a very smart move to ask for this protection and I have every intention of stealing it and using it in any digital asset acquisition I undertake in the future.

Digital Millennium Copyright Act Compliance. Seller has complied with all the requirements in Section 512(c) and 512(i) of Title 17 of the United States Code to qualify for a limitation on liability for copyright infringement, including without limitation (i) having no actual knowledge that any material or an activity using the material on the Seller Websites is infringing; (ii) having no awareness of facts or circumstances from which infringing activity is apparent; (iii) upon obtaining knowledge or awareness that material or an activity using the material on the Seller Websites is infringing, acting expeditiously to remove or disable access to any infringing material, and (iv) upon receiving notification of claimed infringement, responding expeditiously to remove or disable access to material that is claimed to be infringing or to be the subject of infringing activity.

With the Grokster ruling, going forward, just how onerous will the protection language be for purchases of, or investments in digital technology? Will it be enough for the target company to promise that they complied?

Or, will contract appendices have copies of all marketing materials as confirmation that the target company never induced anyone to infringe on a copyright? What about emails sent to prospects and customers? Will we have to save them all to confirm what we did or didn't suggest when marketing and promoting the technology?

Is this the start of a "Sarbanes Oxley" type environment for technology companies? Will companies have to save and document everything they do in the marketing and promoting of their technologies? Will they, or rather, should they video all presentations and record all phone calls?

How else can we know that we are protected against unwarranted law suits that are used as competitive weapons to slow new technologies?

I don't know how it will all turn out. It's probably not as bad as our worst nightmares, but there is the risk that it just might be.

I guess the only certainty from all of this is that it's probably a good time to create a new type of insurance that insures companies against the cost of defending the Grokster lawsuits that are sure to come.

[See what the blogosphere is saying about the ruling](#)