

Title:

Grokster - Rest In Peace

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Summary:

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Article Body:

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Facing up to a Supreme Court decision against them, Grokster has settled with the music and movie industries. The company has agreed to pay \$50 million dollars in damages and terminate its file file-sharing system. A visit to the Grokster site now shows one page noting the ruling and the intention of the company to come up with a legal alternative.

The decision of the Supreme Court in MGM v. Grokster was a surprise too much of the legal community. Lower courts had almost universally found in favor of Grokster using a theory validated in the 1970s cases involving VCR machines. In those cases, courts noted the makers of VCR machines could not be held responsible for the actions of users. The crux of the argument was the machine could be used for both legal and illegal purposes, so liability could not be found.

In deciding against Grokster, a unanimous Supreme Court upheld this legal theory. However, the Court noted Grokster had actively promoted itself as a method for pursuing file sharing, an act the Court found to constitute copyright infringement. As such, the Court ruled that Grokster could be found liable for copyright infringement. The decision effectively killed Grokster as a business entity.

File Sharing Impact

Although Grokster bit the dust, much of the file-sharing industry continues to function. Companies such as Morpheus continue to do big business and fight the entertainment industry. This is made possible by the Grokster decision, which requires the entertainment industry to show intent to promote copyright infringement on the part of companies such as Grokster and Morpheus. Arguably, Grokster could start a new service tomorrow and avoid problems so long as it didn't promote illegal file sharing as a benefit of its service.

File sharing on the Internet is not dead. The entertainment industry is in for a big surprise if it thinks this changes anything. Indeed, Mashboxx is rumored to be positioning itself to buy the assets of Grokster. Hmmm...