



MOTION PICTURE ASSOCIATION
OF AMERICA, INC.

SUPREME COURT DECISION IN GROKSTER

- The Supreme Court, in a unanimous decision, crafted a pro-consumer, balanced approach which will encourage technological innovation and creativity; provide consumers with greater choice, and protect the legitimate interests of copyright owners and technology companies.
- The Court focused on the conduct of Grokster and Streamcast, and detailed the evidence against them: **“Grokster and Streamcast are not . . . merely passive recipients of information about infringing use. The record is replete with evidence that from the moment Grokster and Streamcast began to distribute free software, each one clearly voiced the objective that recipients use it to download copyrighted works, and each took active steps to encourage infringement.”**
- The Court did not alter the standard established in the Sony-Betamax case.
- The Court found that the Ninth Circuit had misread and misapplied the Sony decision. The unanimous Court held that by distributing a product which, despite potential legitimate uses, is intended to be used for infringing purposes, a company can be found liable.
- Grokster sought to attract individuals who had previously utilized the Napster file-sharing service. They made no efforts to curtail the massive amount of infringing conduct occurring on its system and they profited from the infringing use of its system. In the words of the Court, **“...the unlawful objective was unmistakable.”**
- The Court recognized that companies, like Grokster, that provide the tools and promote massive online infringement must be held responsible. The Court also noted the need for legitimate technological innovation and creativity, saying that their ruling **“does nothing to compromise legitimate commerce or discourage innovation having a lawful purpose.”**
- As a result of the decision, it is the consumers who will be the ultimate winners. The decision will encourage the development of legitimate services that will better serve the needs of consumers than services based upon infringing activity. Consumers will have more access to the high-quality content they desire, and it will be available to them across a wider array of devices and platforms.