
THE P2P FILE SHARING WAR AFTER *GROKSTER*: IT FEELS LIKE BELGIUM OVER HERE

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*“The court finds that Napster use is likely to reduce CD purchases by college [and university] students, whom defendant admits constitute a key demographic.”*¹

INTRODUCTION

As the battles escalate in the file sharing war, college and university campuses are increasingly becoming the unwilling battlegrounds. The content community continues to sue its customers,² and the institution’s role as an Internet Service Provider (“ISP”) makes it impossible to avoid being a participant in the battles. As long as the content community believes that students are their key demographic, and also believes that those same students are destroying their business, much of the war will be fought on college and university soil.³ Metallica began the battle directly against higher education institutions,⁴ and if suits directly against students fail to reduce file sharing, Congress and the courts may find the perfect reason to remove copyright safe harbors and sovereign immunity for intellectual property infringement from colleges and universities.

It is very easy to become an intellectual property communist; Napster

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1. *A&M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d 896, 909 (N.D. Cal. 2000).

2. See EFF (Electronic Frontier Foundation): *RIAA v. The People*, <http://www.eff.org/IP/P2P/riaa-v-thepeople.php> (last visited Aug. 30, 2006); see also ELECTRONIC FRONTIER FOUNDATION, *RIAA V. THE PEOPLE: TWO YEARS LATER* (2005), http://www.eff.org/IP/P2P/RIAAatTWO_FINAL.pdf.

3. Although, there is a serious debate as to whether file sharing has any effect upon record sales: “Downloads have an effect on sales which is statistically indistinguishable from zero, despite rather precise estimates. Moreover, these estimates are of moderate economic significance and are inconsistent with claims that file sharing is the primary reason for the recent decline in music sales.” Felix Oberholzer & Koleman Strumpf, *The Effect of File Sharing on Record Sales: An Empirical Analysis* (Mar. 2004) (unpublished manuscript), http://www.unc.edu/~cigar/papers/FileSharing_March2004.pdf.

4. See Scott Carlson, *Metallica Sues Universities and Napster, Charging That Students Engage in Music Piracy*, CHRON. OF HIGHER EDUC., Apr. 28, 2000, at A50.

demonstrated this, and there is no question that campuses are a source of copyright infringement problems, which need to be continuously addressed. Perhaps, some of the problems of peer-to-peer (P2P) copyright infringement arise from the fact that the laws are counter-intuitive—that we can “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”⁵ But, it is more likely that the arguments about infringement are the result of technological convenience and perceptions of ownership, rather than constitutional debate. College and university students downloading digital files are perceived as pirates and thieves by the content industry, while the students perceive the recording industry as greedy philistines, and thus ignore intellectual property rights. Both sides push the concept of “ownership” to its polar limits. This has created a powerful argument, fueled by the convenience of the technology and fanned by litigation and congressional action. But, argument is the lifeblood of the academy, and this time it is over the stock-in-trade of the academy—intellectual property.

As institutions of higher education, we have our own responsibilities in this argument that are not completely parallel to those of the Recording Industry Association of America (“RIAA”), the Motion Picture Association of America (“MPAA”), and the content community, but we must share many of their concerns, because they implicate the creation of intellectual property and respect for the intellectual property of others. P2P technology and file sharing have created enormous burdens on the information technology infrastructure, causing rising costs and diminished capacity for “legitimate” uses, as well as diminishing respect by the file sharing combatants for intellectual property. Thus, our interests are not parallel to file sharers either—although we share their concerns for the continuation of the technology and its legitimate uses. But, this balance has inherent risks. Courts and Congress are expanding protections for copyright holders and our position as ISP moves private institutions closer to application of contributory and vicarious infringement theories, and public institutions put their sovereign immunity at risk.

Higher education must react to the changes in technology and the changes in laws in very technical ways, but our starting place should be grounded in basic, fundamental questions, and with a goal to foster our academic purposes. The new technologies have not outpaced the philosophical questions—they have opened the door for the timeless questioning the academy holds most dear.

The consequences are serious. Each individual act of copyright infringement can result in a staggering potential for damages; including injunctions, statutory money damages of \$150,000, compensation for lost profits, liability for the attorney fees of the party claiming infringement, court costs, and even criminal penalties.⁶ Given these potential penalties and sanctions, the issues are worth serious consideration.

This article will discuss the problem, the basic rights of copyright owners, the architecture of P2P technology, the primary defenses to P2P copyright

5. U.S. CONST. art. I, § 8, cl. 8.

6. See 17 U.S.C.A. §§ 501–513 *et seq.* (2006).

infringement, the evolving case law resulting from attempts to stop P2P file sharing, the risks of losing protection under the Digital Millennium Copyright Act (“DMCA”) safe harbor provisions and sovereign immunity, and how institutions are formulating a model response to P2P file sharing and infringement.

THE PROBLEM

While the P2P problem arises from many different sources—both technological and philosophical—much of the problem lies in the impasse of positions that content owners, file sharers, and ISPs have clung to and perpetuated. An admitted oversimplification demonstrates the point:

- Copyright Content Owners: “File sharing is theft and piracy, and we’re fighting our own terrorist war.” [Translation: “We’re losing big money!”]
- File Sharers: “Content Owners are greedy philistines trying to destroy our culture and freedom.” [Translation: “It’s free, all free!”]
- Internet Service Providers in DMCA suits: “The Content Community is engaging in jihads against 12 year old girls!” [Translation: “You are scaring away our customers.”]

Compounding the problem for higher education is the fact that students comprise an extremely important market segment for copyrighted materials, and yet they have some of the most sophisticated computer networks and bandwidth in the world at their disposal to simply download the materials from P2P networks.⁷ And we are very aware of what is happening on our networks.

All actors in the arena of course, claim the moral high ground. Yet no position is completely free of some complicity. In September 2002, music labels and retailers settled charges in forty-three states for antitrust and price fixing, including \$67.3 million in cash and \$75.7 million in CDs.⁸ It is estimated that 90% of materials on P2P networks are infringing⁹ and up to 60% of higher education bandwidth is devoted to P2P file sharing.¹⁰ The business models of many of the file sharing services were built upon the ability to download materials from major artists and studios, without cost, and the services have intentionally distanced themselves from traditional copyright infringement liability. ISPs and computer manufacturers actively promote the downloading and copying abilities of their

7. However, the legitimate download market continues to grow, with iTunes reporting that one billion songs have been legally downloaded from its iTunes Music Store. See Apple iTunes 1 Billion Songs Milestone, <http://www.apple.com/itunes/1billion/> (last visited Aug. 30, 2006).

8. See Lisa M. Bowman, *Labels Pay to Settle Price-Fixing Suit*, CNET NEWS.COM, Sept. 30, 2002, <http://news.com.com/2100-1023-960183.html>.

9. See *MGM Studios, Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2789–90 (2005) (Breyer, J., concurring).

10. See *Copyright, Peer-to-Peer File Sharing and DMCA Subpoenas*, NACUANOTES (Nat’l Ass’n of Coll. & Univ. Attorneys, Washington, D.C.), Nov. 6, 2003, http://www.stanford.edu/dept/legal/Worddocs/Peer_to_Peer_FileSharing_Note.pdf; see also P-CUBE, INC., CONTROLLING PEER TO PEER BANDWIDTH CONSUMPTION 4 (2003), http://downloads.lightreading.com/wplib/pcube/controlling_peer_to_peer.pdf.

services and hardware.

The academic culture presents its own difficulties in the P2P debate because of its traditions and missions. Librarians are devoted to the principles of fair use and dissemination of materials. Every work that is copyrighted can be used for fair use, and restrictions on dissemination of those materials are antithetical to the core of academic freedom. It is also the privilege and the duty of faculty and students to embrace all learning interactions, including P2P and its promises, and to push the envelope of knowledge and academic freedom. P2P provides and promises great advances in teaching and learning, but current P2P abuses threaten these goals. Regardless of the perspective, we all have the duty to promote and adhere to ethical and legal behavior in the pursuit of learning, teaching, research, and public service.

THE STARTING POINT

The starting point for copyright is not the idea that a copyright's purpose is to protect a personal property right. The property right is a secondary tool for the primary purpose, which is contained in the United States Constitution: "To promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."¹¹ The monopoly is to promote science and the useful arts and to encourage dissemination and works built upon that dissemination.

The primary objective of copyright is not to reward the labor of authors, but "[t]o promote the Progress of Science and useful Arts." To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. . . . This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.¹²

In addition to the Constitution, copyright is protected by the Copyright Act of 1976.¹³ Other laws can also apply to copyright cases, including the First Amendment,¹⁴ the No Electronic Theft (Net) Act,¹⁵ the Federal Anti-Bootleg Statute,¹⁶ Anti-Trust Laws,¹⁷ and various federal and state criminal and civil laws. The United States also adheres to international treaties on intellectual property, including the World Intellectual Property Organization ("WIPO") treaties.¹⁸ Still, this quilt of laws lags behind the advances in technology.

11. U.S. CONST. art I, § 8, cl. 8.

12. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349–350 (1991) (citation omitted).

13. 17 U.S.C.A. §§ 101 *et seq.* (2006).

14. U.S. CONST. amend. I.

15. Pub. L. No. 105–147, 111 Stat. 2678 (1997).

16. 18 U.S.C.A. § 2319A (2006).

17. 15 U.S.C.A. §§ 1 *et seq.* (2006).

18. See World Intellectual Property Organization, WIPO-Administered Treaties, <http://www.wipo.int/treaties/en/> (last visited Aug. 30, 2006).

EXCLUSIVE RIGHTS OF COPYRIGHT OWNERS

The exclusive rights of copyright owners are articulated in 17 U.S.C. § 106.¹⁹ The primary rights at issue in P2P are the rights to reproduce and distribute works. The advances in digital media and technology make reproduction and distribution virtually instantaneous and world wide.

The terms of protection for these rights have been continually extended. While a patent is generally only protected for fourteen to twenty years,²⁰ copyrights last well beyond the life of the author. Works originally created on or after January 1, 1978, are protected for the author's life plus an additional seventy years.²¹ A joint work is protected for seventy years after the last surviving author's death.²² For works made for hire, anonymous and pseudonymous works, the protection is for ninety-five years from publication or 120 years from creation, whichever is shorter.²³

TYPES OF FILE SHARING

File sharing technology has developed from a more traditional client/server communication to a purely independent communication, and understanding the basics of file sharing technology is essential to understanding court decisions. With traditional network technology, individual computers communicate with central servers that control, coordinate, and manage client requests. Communication between individual computers is indirect and the server operates as a central conduit for information transfers. Because this communication slows client/server interaction, and because censorship became a concern, alternative

19. This section, titled "Exclusive rights in copyrighted works," states:

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

See 17 U.S.C.A. § 106. In addition, 17 U.S.C. § 106A provides for exclusive rights for attribution and integrity.

20. See 35 U.S.C.A. § 154 (2006); 35 U.S.C.A. § 161 (2006); 35 U.S.C.A. § 173 (2006).

21. 17 U.S.C.A. § 302 (2006).

22. *Id.*

23. *Id.*

methods of communication were developed—P2P communication.²⁴

With hybrid/centralized P2P, the central server performs some but not all of the functions of a traditional central server (e.g., Napster's central server contained directories of the available files). While the central server maintains directories of files and those individual computers allowing access to those files, an individual computer initiates file transfers directly from another individual computer containing the target file. Beyond maintaining the directories, the central server does not take part in the file transfer.

With pure P2P technology, such as Morpheus, each individual computer operates independent of a centralized server. Information transfers are autonomous by use of software programs that facilitate all searches, connections, and transfers.

PRIMARY DEFENSES TO P2P COPYRIGHT INFRINGEMENT

Although the defenses that have been advanced in P2P cases have ranged from the First Amendment to antitrust to technicalities of the Copyright Act of 1976, the primary defenses remain fair use, the DMCA²⁵ safe harbors for ISPs, and the *Sony*²⁶ defense for technology capable of substantial noninfringing use.²⁷

Fair use has been codified, although not completely or exclusively, in 17 U.S.C. § 107.²⁸ In essence, every copyrightable work may be used without

24. See Ian Clarke, Division of Informatics, Univ. of Edinburgh, A Distributed Decentralised Information Storage and Retrieval System (1999) (unpublished manuscript), <http://gnunet.org/papers/freenet.pdf>.

25. Pub. L. No. 105-304, 112 Stat. 2860 (1998).

26. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) (finding that manufacturers of home video recording machines could not be liable for contributory infringement for potential misuse by its purchasers because the devices were sold for legitimate purposes and had substantial non-infringing uses).

27. The three basic methods of copyright infringement are:

A. Direct Infringement

1. Plaintiff owns the work infringed;
2. Infringer violated at least one of the exclusive rights under 17 U.S.C. § 106, e.g., reproduction and distribution.

B. Contributory Infringement

1. Direct infringement by another;
2. Actual knowledge of the direct infringement or constructive knowledge of infringement by the facts and circumstances;
3. Induced, caused, or materially contributed to the underlying direct infringement.

C. Vicarious Infringement

1. Direct infringement by another;
2. Right and ability to control or supervise the direct infringement;
3. Vicarious infringer derived a direct financial benefit from underlying infringement.

28. The Copyright Act of 1976 codifies the fair use doctrine, stating:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other

permission if the user favorably weighs the four fair use factors: purpose and character of the use; nature of the work; amount and substantiality of the portion; and the effect upon the potential market for the work. A relatively clear fair use case may be made for a music composition student's download of a copyrighted song from a P2P network, if the purpose is scholarly analysis. Fair use is far less clear when an engineering student downloads a song for contemplation, and fair use is a very difficult argument when any student downloads a song purely for entertainment.

The DCMA ("the Act") was signed into law on October 28, 1998.²⁹ The legislation was the result of two WIPO treaties, which the United States joined. The Act addressed various copyright issues, directed certain studies, and created innovations in copyright protection. Title II of the DMCA, the Online Copyright Infringement Liability Limitation Act, creates four new limitations on liability for copyright infringement by online service providers.³⁰ The limitations are based on four categories of conduct by a service provider: transitory communications; system caching; storage of information on systems or networks at direction of users; and information location tools. Each limitation provides a complete bar to monetary damages, and restricts the availability of injunctive relief in various

means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

17 U.S.C. § 107.

29. Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998). *See also* U.S. COPYRIGHT OFFICE, THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998 U.S. COPYRIGHT OFFICE SUMMARY (Dec. 1998), <http://www.copyright.gov/legislation/dmca.pdf>. In order to take advantage of the DMCA safe harbors, one must develop a policy for handling infringement complaints, provide education on copyright ownership and infringement, place a written policy and procedure notice on the Web, and register an agent with the United States Copyright Office. *Id.* These are not onerous provisions and the protections offered are well worth the investment. Moreover, adherence to these requirements enhances the probability of reducing infringement through education and behavior modification. The Act addressed various copyright issues, directed certain studies, and created innovations in copyright protection. The DMCA also, arguably, failed to address important issues in distance education, but that failing is not at issue here. Four of the five titles which comprise the DMCA implement provisions for copyright-related issues concerning, for example, ephemeral digital recordings, Webcasting of music, and the Vessel Hull Design Protection Act. *See* Digital Millennium Copyright Act §§ 401-407 & §§ 501-505. Title II, with its limitations on liability, is the only section of the DMCA addressed in this article.

30. 17 U.S.C.A. § 512 (2006).

respects. Section 512 also includes special rules concerning the application of these limitations to nonprofit educational institutions.³¹

While there is a continuing debate whether a state agency can lose immunity from liability for copyright infringement under the Eleventh Amendment, Congress has specifically attempted to make a state entity liable. The complete bar to money damages and most other relief for copyright infringement in the DMCA is an extraordinary measure—especially when the bar is in response to an actual act of infringement—which would normally be considered under theories of vicarious liability or contributory liability, under which an institution or entity could be held liable for actions it was not party to or even aware of.

In addition to limiting the liability of service providers, Title II of the DMCA establishes a procedure by which a copyright owner can obtain a subpoena from a federal court clerk ordering a service provider to disclose the identity of a subscriber who is allegedly engaging in infringing activities.³² These subpoenas are a separate battle in the P2P war and discussed further below.

In *Sony Corp. of America v. Universal City Studios, Inc.*,³³ the sale of home videotape recorders was challenged on the grounds of contributory infringement. The U.S. Supreme Court rejected liability, borrowing the “staple article or commodity of commerce”³⁴ doctrine from patent law, and holding that contributory infringement could not extend to the manufacturer of a device that was capable of substantial noninfringing uses:

[T]he sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.

. . . The question is thus whether the Betamax is capable of commercially significant noninfringing uses. In order to resolve that question, we need not explore *all* the different potential uses of the

31. Section 512(e) determines when the actions or knowledge of a faculty member or graduate student employee who is performing a teaching or research function may affect the eligibility of a nonprofit educational institution for one of the four limitations on liability. As to the limitations for transitory communications or system caching, the faculty member or student shall be considered a “person other than the institution,” so as to avoid disqualifying the institution from eligibility. As to the other limitations, the knowledge or awareness of the faculty member or student will not be attributed to the institution. 17 U.S.C.A. § 512(e). The following conditions must be met: (1) the faculty member or graduate student’s infringing activities do not involve providing online access to course materials that were required or recommended during the past three years; (2) the institution has not received more than two notifications over the past three years that the faculty member or graduate student was infringing; and (3) the institution provides all of its users with informational materials describing and promoting compliance with copyright law. *See id.* *See also* David Lombard Harrison, *Safe Harbors for Educational Institutions In The Digital Millennium Copyright Act*, <http://www.northcarolina.edu/content.php/legal/dmca/index.htm> (last visited Aug. 30, 2006) (giving additional information on creation and compliance with DMCA safe harbors).

32. 17 U.S.C.A. § 512(h) (2006).

33. *Sony Corp.*, 464 U.S. 417.

34. 35 U.S.C.A. § 271 (2006).

machine and determine whether or not they would constitute infringement. Rather, we need only consider whether on the basis of the facts as found by the district court a significant number of them would be noninfringing. Moreover, in order to resolve this case we need not give precise content to the question of how much use is commercially significant. For one potential use of the Betamax plainly satisfies this standard, however it is understood: private, noncommercial time-shifting in the home.³⁵

Ironically, while the Betamax format could only play or record up to one hour, the VHS extended-play format revolutionized home entertainment and rewarded the opponents of home tape machines beyond even their expectations.

LITIGATION AGAINST FILE SHARING SYSTEMS

Faced with the prospect of suing virtually 10,000 individual file sharers a second, given the growing popularity of online file sharing, or trying to stop the vehicle for infringement in one action, the content community naturally chose the later course of action. The “it’s too good to be true” suspicion became reality for legal file sharers as others used the medium for copyright infringement.

Napster³⁶

Napster put file sharing directly in the judicial crosshairs. The district court put the issue, as it saw it, fairly succinctly: “The matter before the court concerns the boundary between sharing and theft, personal use and the unauthorized worldwide distribution of copyrighted music and sound recordings.”³⁷ Napster distributed free software that allowed users to log on to the Napster system and share MP3 files with other users who were logged on. The court found that 10,000 music files were shared per second and Napster projected seventy-five million users by the end of 2000.³⁸ Napster collected no revenues for its services and software—hoping to reach a critical mass of users and music to enable it to “monetize” the services in the future.³⁹ The Napster service comprised of a cluster of servers and a central server that contained directories of users and files. Once a desired file was found, the actual file was transferred directly between two users—operating a hybrid P2P system.⁴⁰

While the Court of Appeals for the Ninth Circuit was not quite as single-minded as the district court in shutting down Napster, it did affirm the injunction that effectively closed the doors at Napster.⁴¹ Napster’s primary defenses were

35. *Sony Corp.*, 464 U.S. at 442.

36. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001).

37. *A&M Records, Inc. v. Napster, Inc.*, 114 F. Supp. 2d 896, 900 (N.D. Cal. 2000).

38. *Id.* at 902.

39. *Id.*

40. *Id.* at 905–07.

41. *A&M Records, Inc.*, 239 F.3d at 1027–28.

grounded in fair use, the Audio Home Recording Act⁴² (“AHRA”), and the DMCA.

The court of appeals concluded that Napster users infringed at least two of the copyright holders’ exclusive rights in 17 U.S.C. § 106: the rights of reproduction and distribution.⁴³ Napster asserted the affirmative defense of fair use in response, arguing that sampling, space-shifting, and permissive distribution were all fair uses and not infringement.⁴⁴ The court disagreed after, somewhat simplistically, reviewing the four factors of the fair use analysis.⁴⁵

In reviewing the purpose and character of the use, the court found that the use was not transformative, but was a reproduction of the entire work.⁴⁶ The court also found that the uses were commercial, rather than noncommercial, because “repeated and exploitative unauthorized copies of copyrighted works were made to save the expense of purchasing authorized copies.”⁴⁷ This factor weighed against fair use. Considering the nature of the use was very simple for the court: the works were creative, and thus, cut against fair use.⁴⁸ In its analysis of the portion used, the court found that copying the entire work militated against a finding of fair use.⁴⁹ The final factor, the effect of the use on the market, was found to weigh against fair use for two reasons. First, the court accepted the district court’s conclusion that Napster reduced CD sales to college and university students, and second, it raised barriers to the plaintiff’s entry into the market for digital downloads.⁵⁰

The court rejected the separate assertion of sampling, even if sampling actually increased sales, because the copyright holder has no obligation to license material.⁵¹ The space-shifting argument was rejected because the copying was not by and for the original user, but was a distribution to the general public.⁵² Finding that the uses were not protected by fair use, the court went on to examine contributory and vicarious liability.

Contributory infringement occurs when one who has knowledge of the infringing activity, induces, causes, or materially contributes to the infringing conduct of another. The court agreed that Napster had both actual and constructive knowledge of direct infringement.⁵³ However, the *Sony* defense can relieve one of liability if it applies. The court recognized that an examination of the application of *Sony* includes a system’s capabilities as well as actual uses, but that if a

42. 17 U.S.C. §§ 1001–10 (1992).

43. *A&M Records, Inc.*, 239 F.3d at 1013–19.

44. *Id.* at 1014.

45. *Id.* at 1015–17.

46. *Id.* at 1015.

47. *Id.*

48. *Id.* at 1016.

49. *Id.*

50. *Id.*

51. *Id.* at 1018.

52. *Id.* at 1019.

53. *Id.* at 1020.

computer operator has knowledge of specific acts of infringement and fails to block or remove the materials, the operator has contributed to the infringement.⁵⁴ Finding sufficient knowledge, the court of appeals agreed with the court below that Napster provided the site and facilities for the users' infringement, and thus, materially contributed to the infringement.⁵⁵

Vicarious copyright infringement extends to cases where the defendant has a right and ability to supervise the infringing activity and also has a direct financial interest in the activity. The financial interest was found because Napster was using infringing materials as a draw for users and future revenue.⁵⁶ The supervision was also found because Napster was a hybrid P2P system with registration, centralized search and index servers, and use agreements.⁵⁷ Thus, Napster had the ability to control its users and the ability to control some of the infringement.

The court rejected the defense under the AHRA, finding that a computer was not a device covered by the Act and also finding that computers do not make digital music recordings as contemplated in the statute.⁵⁸ The DMCA defense was left for the district court to develop at trial.⁵⁹ Additional defenses were also rejected.⁶⁰

It did not take long for Napster to close its doors and keep the case from reaching trial.⁶¹ Yet competitors were willing to fill Napster's space in the ever-growing file sharing market despite the legal issues at stake. The copyright owners went after the new players just as they had with Napster.

Aimster⁶²

Judge Posner took a somewhat different approach in deciding the *Aimster* case, questioning the analysis in *Napster*, but having no trouble finding contributory

54. *Id.* at 1021.

55. *Id.* at 1022.

56. *Id.* at 1023.

57. *Id.*

58. *Id.* at 1025–26.

59. *Id.* at 1025.

60. *Id.* at 1025–27.

61. The district court anticipated the effect of its decision:

Although even a narrow injunction may so fully eviscerate Napster, Inc. as to destroy its user base or make its service technologically infeasible, the business interests of an infringer do not trump a rights holder's entitlement to copyright protection. Nor does defendant's supposed inability to separate infringing and non-infringing elements of its service constitute a valid reason for denying plaintiffs relief or for issuing a stay.

A&M Records, Inc., 114 F. Supp. 2d at 926. The court went even further:

Any destruction of Napster, Inc. by a preliminary injunction is speculative compared to the statistical evidence of massive, unauthorized downloading and uploading of plaintiffs' copyrighted works—as many as 10,000 files per second, by defendant's own admission. The court has every reason to believe that, without a preliminary injunction, these numbers will mushroom as Napster users, and newcomers attracted by the publicity, scramble to obtain as much free music as possible before trial.

Id. (citations omitted).

62. *In re Aimster Copyright Litig.*, 334 F.3d 643 (7th Cir. 2003).

infringement. Aimster operated a hybrid P2P service, much like Napster—although the Aimster service was a piggyback to America Online’s instant messaging system.⁶³ The court decided the case in the context of *Sony*, rejecting the RIAA’s argument that *Sony* does not apply to services.⁶⁴ Condensing the competing arguments, the court observed: “To the recording industry, a single known infringing use brands the facilitator as a contributory infringer. To the Aimsters of this world, a single noninfringing use provides complete immunity from liability. Neither is correct.”⁶⁵

The court found that Aimster had the burden of demonstrating substantial noninfringing uses, but even after suggesting possible uses, the court noted that Aimster had failed to produce *any* evidence of noninfringing uses.⁶⁶ Even the tutorial for new users was designed to show how to download copyrighted music. Sidestepping the issue of vicarious liability, the court rejected Aimster’s DMCA defense because it had failed to reasonably prevent repeat infringers—a requirement under the DMCA.⁶⁷

In rejecting Aimster’s argument that the preliminary injunction ran afoul of the First Amendment, the court observed,

Copyright law and the principles of equitable relief are quite complicated enough without the superimposition of First Amendment case law on them; and we have been told recently by the Supreme Court not only that “copyright law contains built-in First Amendment accommodations” but also that, in any event, the First Amendment “bears less heavily when speakers assert the right to make other people’s speeches.” Or, we add, to copy, or enable the copying of, other people’s music.⁶⁸

For Judge Posner, the real test for liability was, if there are substantial *infringing* uses, the provider must implement available means to prevent infringement, if the means of prevention are not disproportionately costly.⁶⁹ Cost/benefit analysis in all things.

This was the content community’s second big victory. But, new services kept appearing and they were employing different technology.

Grokster⁷⁰

After the successes in *Napster* and *Aimster*, this case was a surprise to many because the court failed to enjoin filesharing services that had taken over the field. Having successfully destroyed Napster and Aimster, the content community sued

63. *Id.* at 646.

64. *Id.* at 648–49.

65. *Id.* at 651.

66. *Id.* at 653.

67. *Id.* at 655.

68. *Id.* at 656 (quoting *Eldred v. Ashcroft*, 537 U.S. 186 (2003)).

69. *Id.* at 649–50.

70. *MGM Studios, Inc. v. Grokster, Ltd.*, 380 F.3d 1154 (9th Cir. 2004).

Grokster, StreamCast, and Kazaa BV, under the same theories of contributory and vicarious copyright infringement.⁷¹ All three marketed free software, built upon the FastTrack P2P technology.⁷² StreamCast later changed its operating software to operate on the open Gnutella technology and created its own software, known as Morpheus. The district court held in favor of the defendants⁷³ and the court of appeals affirmed.⁷⁴

The first task for the court of appeals contributory infringement analysis was to determine whether the defendants' products were capable of substantial or commercially significant noninfringing uses.⁷⁵ If so, then constructive knowledge of infringement could not be imputed and the copyright owners would have to show defendants had reasonable knowledge of specific infringing files.⁷⁶ The court did not constrain itself to current uses, but also looked to other noninfringing uses of defendants' software, such as authorized distribution by the band Wilco and distribution of public domain literary works.⁷⁷ This was sufficient to require reasonable knowledge of specific infringements for liability, and the timing of the knowledge and software design were considered critical.

In *Napster*, Napster was not held liable for infringement merely because it distributed software that could be used to infringe, it was held liable because of *actual* knowledge of infringement *at the time during which it materially contributed to that infringement*.⁷⁸ Instead of the "swap meet" analogy that the *Napster* court relied on, the district court in *Grokster* analogized these defendants to a landlord who had no knowledge of the intended uses for the premises *at the time the lease was signed*.⁷⁹

Grokster distributed the Kazaa Desktop Media system, but did not have access to the source code and could not alter the code in any way.⁸⁰ This FastTrack software also operated in a different manner than Napster. FastTrack employed

71. *MGM Studios, Inc. v. Grokster, Ltd.*, 259 F. Supp. 2d 1029, 1031–34 (C.D. Cal. 2003).

72. *See generally P2P: Then, Now and the Future*, SLYCK.COM, Feb. 23, 2004, <http://www.slyck.com/news.php?story=407>.

73. *MGM Studios, Inc.*, 259 F. Supp. 2d at 1033 (citations omitted). The district court made an important observation that distinguished *Grokster* from the *Aimster* case:

Here, it is undisputed that there are substantial noninfringing uses for Defendants' software—e.g., distributing movie trailers, free songs or other non-copyrighted works; using the software in countries where it is legal; or sharing the works of Shakespeare. For instance, StreamCast has adduced evidence that the Morpheus program is regularly used to facilitate and search for public domain materials, government documents, media content for which distribution is authorized, media content as to which the rights owners do not object to distribution, and computer software for which distribution is permitted.

Id. at 1035.

74. *MGM Studios, Inc.*, 380 F.3d at 1157.

75. *Id.* at 1160.

76. *Id.* at 1160–61.

77. *Id.* at 1161.

78. *A&M Records, Inc.*, 239 F.3d at 1021–22.

79. *MGM Studios, Inc.*, 380 F.3d at 1163–65.

80. *Id.* at 1159–60.

dynamic use of supernodes.⁸¹ A supernode is a node (an end-point on the Internet) that has the heightened function of accumulating information from other nodes. The FastTrack software self-selects its own supernode status and a node can be either a supernode or standard node at any given time. This two-tiered organization has a group of nodes clustered around a supernode and, while Grokster software is preset to a list of supernodes, Grokster did not operate any supernodes, and it had no involvement with the connection to a supernode.⁸² In addition, the software did not require registration, and thus, Grokster had no control over access to the FastTrack network. This also reflects a critical distinction from Napster.⁸³

StreamCast's Morpheus software had access to the source code, however, it is even more "purely" P2P because it does not use supernodes for connections. Instead, it relies on publicly available directories of those connected to the Gnutella network. Search requests are passed entirely from user to user and transfer is initiated directly between the users. While Napster indexed the files and each request passed through a Napster server, this is not the case with either Grokster or StreamCast.

With no active assistance, contribution, support, or control, the court found Grokster and StreamCast were not providing the site and facilities for direct infringement, and thus, were not materially contributing to the direct infringement.⁸⁴ By the time notice of infringement was received, Grokster and StreamCast could do nothing to stop alleged infringement of specific copyrighted content.

The court recognized three elements to vicarious infringement: (1) direct infringement by a primary party; (2) direct financial benefit; and (3) the right and ability to supervise the infringing conduct.⁸⁵ The court also held that *Sony* did not apply to vicarious infringement.⁸⁶ The court had no problem finding direct infringement and a direct financial benefit. However, regardless of plaintiffs' assertion that the defendants had the ability to modify the software or employ meta data and digital fingerprinting filters, the court believed this to be immaterial; the obligation to "police" only arises where there is the right and ability to supervise infringing activity.⁸⁷ The defendants did not operate an integrated service with essential centralized services. Grokster and StreamCast operated with networks entirely out of their control and had no ability to block infringement. Finding no vicarious liability, the court declined the invitation to make law:

The Copyright Owners urge a re-examination of the law in the light of what they believe to be proper public policy, expanding exponentially the reach of the doctrines of contributory and vicarious copyright

81. *Id.* at 1159.

82. *See SLYCK.COM*, *supra* note 72.

83. *MGM Studios, Inc.*, 380 F.3d at 1165.

84. *Id.* at 1163.

85. *Id.* at 1164.

86. *Id.*

87. *Id.* at 1166.

infringement. Not only would such a renovation conflict with binding precedent, it would be unwise. Doubtless, taking that step would satisfy the Copyright Owners' immediate economic aims. However, it would also alter general copyright law in profound ways with unknown ultimate consequences outside the present context.

Further, as we have observed, we live in a quicksilver technological environment with courts ill-suited to fix the flow of internet innovation. The introduction of new technology is always disruptive to old markets, and particularly to those copyright owners whose works are sold through well-established distribution mechanisms. Yet, history has shown that time and market forces often provide equilibrium in balancing interests, whether the new technology be a player piano, a copier, a tape recorder, a video recorder, a personal computer, a karaoke machine, or an MP3 player. Thus, it is prudent for courts to exercise caution before restructuring liability theories for the purpose of addressing specific market abuses, despite their apparent present magnitude.⁸⁸

When the U.S. Supreme Court accepted *certiorari*, it sent shockwaves through the legal and technology communities—why else would the Court take the case unless *Sony* was to be examined, and perhaps overturned? Because the case could have significant impact upon emerging and existing technologies, as well as current copyright law, the pleadings included more than fifty amicus briefs.⁸⁹

Although the Court delivered a three-opinion unanimous decision,⁹⁰ the result was remarkably limited:

The question is under what circumstances the distributor of a product capable of both lawful and unlawful use is liable for acts of copyright infringement by third parties using the product. We hold 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 by third parties.⁹¹

Sony remained intact, the Court addressed the intent to enable infringement as a

88. *Id.* at 1166–1167.

89. For an excellent summary of the arguments and various positions of the amici, see JONATHAN BAND, THE ELECTRONIC FRONTIER FOUNDATION, THE GROKSTER SCORECARD, http://www.eff.org/IP/P2P/MGM_v_Grokster/summary.pdf (last visited Aug. 30, 2006).

90. Unanimous, but three very divergent opinions. While the Court unanimously concurred that Grokster could be liable for inducing copyright infringement, there was disagreement over whether the case was substantially different from *Sony*, and whether the *Sony* precedent should be modified. Justice Ginsburg, joined by Chief Justice Rehnquist and Justice Kennedy, filed a concurring opinion claiming the case differed from *Sony* due to insufficient evidence of noninfringing uses. Justice Breyer, joined by Justice Stevens and Justice O'Connor, filed another concurring opinion claiming that there was no showing of a need to modify *Sony* because of the similarity between lawful file swapping and the lawful uses at issue in *Sony*. See generally, *MGM Studios, Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764 (2005).

91. *Id.* at 2770.

business model, and the Court imported the full patent theory of inducement of infringement that completes the theory of a staple article of commerce. The Justices differed, however, as to the application of *Sony* and left room for some uncertainty.

Justice Souter delivered the opinion of the Court. Justice Souter's review of the technology and P2P businesses led him to the conclusion that, while the networks could share any type of digital file, the primary purpose was to share copyrighted works without authorization.⁹² Beginning with the *Sony* factor that Grokster and Streamcast did not know what particular files were being copied, Justice Souter had no problem concluding that it was clear that most of the files were, in fact, copyrighted works. He then turned to the intent behind the models of the file sharing services.

Accepting MGM's assertions that the vast majority of users' downloads were acts of infringement, the Court concluded that the "probable scope of copyright infringement is staggering."⁹³ The Court also observed that the services learned about infringement from users and responded with guidance.⁹⁴ In addition, the Court noted the services' active role:

Grokster and StreamCast are not, however, merely passive recipients of information about infringing use. The record is replete with evidence that from the moment Grokster and StreamCast began to distribute their free software, each one clearly voiced the objective that recipients use it to download copyrighted works, and each took active steps to encourage infringement.⁹⁵

Promotion, marketing, and the business models confirmed a clear intent on the part of the services to encourage infringement.

The Court kept in mind the competing values of protection of artistic expression and technological innovation as it worked through its interpretation of *Sony*.⁹⁶ It found that the court of appeals had misinterpreted *Sony*, which had barred secondary liability based on a presumption of intent solely from the design or distribution of a product capable of substantial lawful use.⁹⁷ It believed the lower court had converted *Sony* from a case about imputed intent to one of liability on any theory. With that, the Court declined to modify *Sony* and turned to inducement of infringement.

The Court found common law inducement theories still valid and also noted that patent law had codified inducement as a part of the staple-article rule:

For the same reasons that *Sony* took the staple-article doctrine of patent law as a model for its copyright safe-harbor rule, the inducement rule, too, is a sensible one for copyright. We adopt it here, holding that

92. *Id.* at 2772.

93. *Id.*

94. *Id.*

95. *Id.*

96. *Id.* at 2775.

97. *Id.* at 2778.

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 by third parties. We are, of course, mindful of the need to keep from trenching on regular commerce or discouraging the development of technologies with lawful and unlawful potential. Accordingly, just as *Sony* did not find intentional inducement despite the knowledge of the VCR manufacturer that its device could be used to infringe, mere knowledge of infringing potential or of actual infringing uses would not be enough here to subject a distributor to liability. Nor would ordinary acts incident to product distribution, such as offering customers technical support or product updates, support liability in themselves. The inducement rule, instead, premises liability on purposeful, culpable expression and conduct, and thus does nothing to compromise legitimate commerce or discourage innovation having a lawful promise.⁹⁸

Pretty clever. The *Sony* defense was developed by taking a patent law theory and applying it to copyright. The Supreme Court completed the application by taking the remaining patent theory of inducement. The evidence below demonstrated clear evidence of a purpose to cause copyright violations.

Justice Ginsburg wrote a concurrence that agreed with the inducement theory, but also offered an opinion that the issue of contributory copyright infringement was a possibility on the record.⁹⁹ She disagreed with the court of appeals finding that there need only be a showing that a product was capable of substantial noninfringing use.¹⁰⁰ She found no evidence of fair use and only anecdotal evidence of noninfringing uses—built entirely on a “motley collection” of declarations, which did not support summary judgment.¹⁰¹ She believed that the evidence demonstrated overwhelming infringement and she saw no evidence that commercially significant noninfringing uses would develop over time.¹⁰² It seems that Justice Ginsburg would have revisited *Sony* to consider a standard of overwhelming infringing use.

Justice Breyer made the inducement holding unanimous, but took Justice Ginsburg to task on the *Sony* question. In fact, Justice Breyer was convinced that the court of appeals had come to the right conclusion on the *Sony* factors.¹⁰³ Justice Breyer reminded Justice Ginsburg that the question in *Sony* was whether the product was merely *capable* of substantial noninfringing uses.¹⁰⁴ In *Sony*, the district court had found that only 9% of VCR recordings were noninfringing.¹⁰⁵

98. *Id.* at 2780 (citation omitted).

99. *Id.* at 2783 (Ginsburg, J., concurring).

100. *Id.* at 2784–86.

101. *Id.* at 2786 n.3.

102. *Id.* at 2786.

103. *Id.* at 2787 (Breyer, J., concurring).

104. *Id.* at 2788.

105. *Id.*

The Supreme Court found this 9% to be significant and also noted that there was significant potential for future authorized copying. This potential creation of a yet unknown market, in conjunction with 9% authorized use, was enough to avoid liability.

Taking the assertions below that the P2P services had 10% authorized use, Justice Breyer found this to be very similar to *Sony*, and determined that this amount was, indeed, significant.¹⁰⁶ In addition, the standard was one of *capability* and he found it very likely that lawful uses would become increasingly prevalent, such as research, historical and educational materials, public domain materials, podcasts, and software distribution:

There may be other now-unforeseen noninfringing uses that develop for peer-to-peer software, just as the home-video rental industry (unmentioned in *Sony*) developed for the VCR. But the foreseeable development of such uses, when taken together with an estimated 10% noninfringing material, is sufficient to meet *Sony*'s standard. And while *Sony* considered the record following a trial, there are no facts asserted by MGM in its summary judgment filings that lead me to believe the outcome after a trial here could be any different. The lower courts reached the same conclusion.

Of course, Grokster itself may not want to develop these other noninfringing uses. But *Sony*'s standard seeks to protect not the Groksters of this world (which in any event may well be liable under today's holding), but the development of technology more generally. And Grokster's desires in this respect are beside the point.¹⁰⁷

DIGITAL MILLENNIUM COPYRIGHT ACT SUBPOENA LITIGATION

After the court of appeals loss in *Grokster*, the copyright owners sued the direct infringers, using DMCA subpoenas to get names of infringers. The DMCA provides expedited subpoena procedures for copyright owners to discern the identities of individuals it believes are infringing copyrights.¹⁰⁸ No suit needs to be filed and the subpoena issues from the clerk of court, rather than the judge.¹⁰⁹ Because of the ease and effectiveness—and given the loss in *Grokster*—the content community asserted very liberal interpretations of the statute.

In *RIAA, Inc. v. Verizon Internet Services, Inc.*,¹¹⁰ the RIAA moved to enforce a DMCA subpoena served on Verizon, which had refused to comply.¹¹¹ The RIAA sought the identity of an anonymous user of Verizon's Internet service, who was alleged to have infringed copyrights in over 800 songs by making them available

106. *Id.* at 2789.

107. *Id.* at 2790.

108. 17 U.S.C.A. § 512(h) (2006).

109. 17 U.S.C.A. § 512(h)(1).

110. 351 F.3d 1229 (D.C. Cir. 2003).

111. *Id.* at 1231.

for download.¹¹² Verizon argued, *inter alia*, that the DMCA subpoena was only applicable to materials stored on the ISP's servers, not materials that were stored on a user's computer and then transmitted over the ISP's service as a mere conduit.¹¹³

Verizon advanced a fairly "technical" argument based on a strict reading of Section 512(c)¹¹⁴ and Section 512(h).¹¹⁵ The subpoena provisions in Section 512(h) refer back to the notice provisions of Section 512(c), and Section 512(c)'s provisions anticipate that the materials would be *stored* on the ISPs' servers. With pure P2P, files are never stored; the ISP is just a conduit. However, the district court believed that even if the statute was not technically applicable, Congress had spoken through the "text, structure and purpose" of the DMCA sufficiently to find the subpoena applicable to P2P.¹¹⁶

The Court of Appeals for the D.C. Circuit reversed, finding that the DMCA language was clear that use of the subpoena was directly linked to the storage requirement. Although unsympathetic to the RIAA's arguments, the court was sensitive to their circumstances:

We are not unsympathetic either to the RIAA's concern regarding the widespread infringement of its members' copyrights, or to the need for legal tools to protect those rights. It is not the province of the courts, however, to rewrite the DMCA in order to make it fit a new and unforeseen internet architecture, no matter how damaging that development has been to the music industry or threatens being to the motion picture and software industries. The plight of copyright holders must be addressed in the first instance by the Congress; only the

112. *Id.* at 1233.

113. *Id.*

114. 17 U.S.C. § 512(c) limits the liability of ISPs for infringing material on Websites (or other information repositories) hosted on their systems. It applies to storage at the direction of a user. In order to be eligible for the limitation, the following conditions must be met: (1) the provider must not have the requisite level of knowledge of the infringing activity; (2) if the provider has the right and ability to control the infringing activity, it must not receive a financial benefit directly attributable to the infringing activity; (3) upon receiving proper notification of claimed infringement, the provider must expeditiously take down or block access to the material; and (4) a service provider must have filed with the Copyright Office a designation of an agent to receive notifications of claimed infringement. *See* 17 U.S.C.A. § 512(c) (2006).

115. 17 U.S.C. § 512(h), Subpoena To Identify Infringer, provides:

- (1) Request. A copyright owner or a person authorized to act on the owner's behalf may request the clerk of any United States district court to issue a subpoena to a service provider for identification of an alleged infringer in accordance with this subsection.
- (2) Contents of request. The request may be made by filing with the clerk:
 - (A) a copy of a notification described in subsection (c)(3)(A);
 - (B) a proposed subpoena; and
 - (C) a sworn declaration to the effect that the purpose for which the subpoena is sought is to obtain the identity of an alleged infringer and that such information will only be used for the purpose of protecting rights under this title.

See 17 U.S.C.A. § 512(h) (2006).

116. *In re Verizon Internet Services, Inc.*, 240 F. Supp. 2d 24, 39 (D.D.C. 2003).

“Congress has the constitutional authority and the institutional ability to accommodate fully the varied permutations of competing interests that are inevitably implicated by such new technology.”¹¹⁷

While a victory for ISPs, this decision is another clear warning for higher education institutions acting as an ISP, because it is another unsympathetic court inviting Congress to take action in the P2P war. As is discussed below, it is a roadmap for Congress to revise the protections in the DMCA—eliminating the broad protections for an ISP acting as a conduit.

When Boston College was served with DMCA subpoenas for the names of students, it moved to quash.¹¹⁸ Boston College was concerned that the subpoenas were issued in the District of Columbia, requested “expedited” production, and did not provide sufficient time to notify students under the provisions of Family Educational Rights and Privacy Act (“FERPA”).¹¹⁹ The U.S. District Court in Massachusetts ordered the subpoenas quashed, but the order only referred to Fed. R. Civ. P. 45(a)(2) and (b)(2), which do not allow a subpoena issued in Washington, D.C. to be served in Massachusetts.¹²⁰

The University of North Carolina at Chapel Hill and North Carolina State University were served with RIAA subpoenas requesting names of individuals identified only by screen names.¹²¹ These subpoenas followed an initial attempt by the RIAA to serve the subpoenas from the U.S. District Court in the District of Columbia. John and Jane Doe moved to intervene and quash. Given the court of appeals decision in *Verizon*, the universities also moved to quash. Amici Curiae and the Federal Government also joined in the arguments.¹²²

The court followed the D.C. Circuit’s holding that DMCA Section 512(h) subpoenas do not apply to P2P because the files are never stored on the ISPs’ servers. The court believed that the RIAA’s interpretation would be a “quantum leap” in changing the statute as written. In addition, the court questioned the constitutionality of the DMCA subpoena statute and at least inferred that due process was a significant issue. The court quashed both subpoenas.¹²³

117. *RIAA, Inc.*, 351 F.3d at 1238 (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 431 (1984)).

118. Motion of Boston Coll. To Quash Subpoenas and for a Protective Order, *In Re Subpoenas to Boston Coll.*, Civ. Act. No. 03-MBD-10210 (D. Mass. Jul. 21, 2003), available at <http://www.eff.org/IP/P2P/boston1.pdf>.

119. See Memorandum of Boston Coll. in Support of Its Motion To Quash Subpoenas and for a Protective Order, *In re Subpoenas to Boston Coll.*, Civ. Act. No. 03-MBD-10210 (D. Mass. Jul. 21, 2003), available at <http://www.eff.org/IP/P2P/boston2.pdf>. See generally 20 U.S.C.A. § 1232g (2006); 34 C.F.R. pt. 99.1 *et al.* (2006); U.S. Dept. of Educ., Family Educational Rights and Privacy Act, <http://www.ed.gov/policy/gen/guid/fpc/ferpa/index.html> (last visited Aug. 30, 2006).

120. *Boston Coll. v. RIAA, Inc.*, Civ. Act. No. 1:03-MC-10210-JLT (D. Mass. Aug. 7, 2003), available at <http://www.eff.org/IP/P2P/RIAA-v-bc-order-to-quash.pdf>.

121. *In re Subpoena to Univ. of N.C. at Chapel Hill*, No. 1:03MC138 (M.D.N.C. Apr. 14, 2005); *In re Subpoena to N.C. State Univ.*, No. 1:03MC139 (M.D.N.C. Apr. 14, 2005).

122. *Id.*

123. *Id.*

So now, the P2P file sharing war is being fought hand-to-hand with thousands of John and Jane Doe lawsuits. All while some new studies and research are suggesting that CD sales have not been affected by file sharing,¹²⁴ and new business models are emerging which allow downloads for a fee. But, both private and public institutions remain at risk from the content community, as sympathetic courts and Congress consider revisiting the broad protections for contributory and vicarious infringement.

DIRECT ACTIONS AGAINST INSTITUTIONS OF HIGHER EDUCATION

As the law stands now, there are broad prohibitions against contributory and vicarious liability actions aimed at institutions of higher education. The DMCA provides a prohibition from filing suit against an ISP acting as a conduit for infringing materials and the Eleventh Amendment provides further protections for public institutions. However, Congress has the ability and, it would seem, the growing desire, to change or eliminate these protections. If higher education does not meet these challenges by effectively addressing the P2P issues, the liability landscape may dramatically change.

DMCA Section 512(a) Safe Harbors

Title II of the DMCA, the Online Copyright Infringement Liability Limitation Act, now codified in 17 U.S.C. Section 512, creates safe harbors for an ISP, if the ISP follows specified procedures and adopts specified policies.¹²⁵ In order to qualify for the limitations on liability in Section 512, an institution must qualify as a “service provider.”¹²⁶ For the limitation relating to transitory communications, which is how P2P files are transferred, a service provider is defined as “an entity offering the transmission, routing, or providing of connections for digital online communications, between or among points specified by a user, of material of the user’s choosing, without modification to the content of the material as sent or received.”¹²⁷ In addition, to be eligible for the limitations, a service provider must meet two conditions: it must adopt and reasonably implement a policy of terminating in appropriate circumstances the accounts of subscribers who are repeat infringers; and it must accommodate and not interfere with “standard technical measures.”¹²⁸

Nearly all higher education institutions have adopted a DMCA notice and takedown policy, registered an agent,¹²⁹ and responded to notices of copyright

124. See Oberholzer & Strumpf, *supra* note 3.

125. U.S. COPYRIGHT OFFICE, *supra* note 29, at 8–13.

126. 17 U.S.C.A. § 512(k)(1)(A) (2006).

127. *Id.*

128. *Id.* § 512(i).

129. To comply with the DMCA, a completed form entitled “Interim Designation of Agent to Receive Notification of Claimed Infringement” is required. This is a necessary procedure for Title II compliance, and is filed with the Copyright Office. See U.S. Copyright Office, Online Service Providers, <http://www.copyright.gov/onlinesp/> (last visited Aug. 30, 2006). See also U.S. COPYRIGHT OFFICE, *supra* note 29, at 11.

infringement. However, the provisions were drafted before P2P was an issue and it is impossible to take down infringing files that merely pass through the system. Still, it is essential that a policy is in place.

Section 512(a) limits the liability of service providers if the provider merely acts as a data conduit, transmitting digital information from one point on a network to another at another's request. This limitation covers transmission, routing, or providing connections for the information, as well as the intermediate and transient copies that are made automatically in the operation of a network:

(a) Transitory digital network communications—A service provider shall not be liable for monetary relief, or, except as provided in subsection (j), for injunctive or other equitable relief, for infringement of copyright by reason of the provider's transmitting, routing, or providing connections for, material through a system or network controlled or operated by or for the service provider, or by reason of the intermediate and transient storage of that material in the course of such transmitting, routing, or providing connections, if—

(1) the transmission of the material was initiated by or at the direction of a person other than the service provider;

(2) the transmission, routing, provision of connections, or storage is carried out through an automatic technical process without selection of the material by the service provider;

(3) the service provider does not select the recipients of the material except as an automatic response to the request of another person;

(4) no copy of the material made by the service provider in the course of such intermediate or transient storage is maintained on the system or network in a manner ordinarily accessible to anyone other than anticipated recipients, and no such copy is maintained on the system or network in a manner ordinarily accessible to such anticipated recipients for a longer period than is reasonably necessary for the transmission, routing, or provision of connections; and

(5) the material is transmitted through the system or network without modification of its content.¹³⁰

With no requirement to monitor transmissions, or even respond to transmissions of data the ISP knows is infringing, this blanket protection is the ultimate shield for higher education. But, nothing stands in the way of Congress modifying Section 512(a) or eliminating it altogether. Nothing prevents a court from making an interpretation that its provisions are not as broad as it seems. And nothing in higher education's mission and values justifies it turning a blind eye to infringement. While certain academics and organizations disagree with the basic

130. 17 U.S.C.A. § 512(a) (2006).

principles of the content community,¹³¹ most academics do not, and neither the Federal Courts nor Congress seem to have any sympathy with the intellectual property communists and anarchists. Just the opposite—they are increasingly alarmed by the effect of P2P, as demonstrated by the hearings held by the House Subcommittee on Courts, the Internet and Intellectual Property.

One of the first P2P salvos was directed against Napster *and* Yale University, Indiana University, and the University of Southern California.¹³² The band Metallica brought suit alleging piracy and challenged Section 512(a) protections. The allegations were no more subtle than the band's chord progressions, charging that "hypocritical universities and colleges . . . could easily block this insidious and ongoing thievery."¹³³ The suits were dropped after the institutions blocked Napster, so the issues were never resolved. But, given the implementation of copyright education and policies long before the Internet existed, and computer use policies that prohibited illegal activities on the Internet long before P2P existed, most representatives of higher education institutions would strongly disagree with Metallica's characterization.¹³⁴ Unfortunately, the content community shared the view that higher education was the primary problem, as demonstrated by letters to presidents and chancellors demanding that they monitor content and stop all P2P traffic.¹³⁵

In a growing climate of distrust and with proposed legislation that ranged from enhanced criminal penalties to permitting the remote destruction of P2P users' hard drives, higher education responded in a variety of ways.¹³⁶ It is a short, and far more palatable step, to simply remove the protections of Section 512(a), rather than attempt to push for legislation that permits remote destruction of hard drives. This would place private institutions immediately at risk, since they arguably provide the "site and facilities" for users' infringement. For public institutions there is still the issue of sovereign immunity, but sovereign immunity for intellectual property infringement has been a persistent subject for congressional action.¹³⁷

Sovereign immunity for intellectual property actions against state entities has

131. See, e.g., Scott Carlson, *In the Copyright Wars, This Scholar Sides With the Anarchists*, CHRON. HIGHER EDUC., Nov. 19, 2004, at A29.

132. See Carlson, *supra* note 4.

133. Univ. of Texas System, Office of the General Counsel, University Liability for Student Infringements: "Napster" and Internet Service Provider Liability Limitations, <http://www.utsystem.edu/OGC/INTELLECTUALPROPERTY/napster.htm> (last visited Aug. 30, 2006).

134. See *id.*

135. See Press Release, Recording Indus. Ass'n of Am., Music, Movie Industries Target Theft On Internal Campus Networks (Apr. 27, 2006), available at <http://www.riaa.com/news/newsletter/042706.asp>.

136. See Declan McCullagh, *Senate Bill Would Ban P2P Networks*, CNET NEWS.COM, June 23, 2004, http://news.com.com/2100-1027_3-5244796.html.

137. See generally Bruce E. O'Connor & Emily C. Peyser, *Ex Parte Young: A Mechanism for Enforcing Federal Intellectual Property Rights Against States*, 10 B.U. J. SCI. & TECH. L. 225 (2004); Jason Karasik, Note, *Leveling the IP Playing Field: Conditional Waiver Theory and the Intellectual Property Protection Restoration Act*, 27 HASTINGS COMM. & ENT. L.J. 475 (2005).

been the subject of attack in recent years. The higher education community has been forced to respond to congressional attempts to remove immunity as recently as 2003, when the Intellectual Property Protection Restoration Act of 2003 was introduced.¹³⁸ The sovereign immunity argument is well beyond the scope of this article,¹³⁹ but much of the lack of support for the legislation came from a strong argument that this Act was a response to an imagined problem. The instances of state entities abusing immunity were very few. P2P, on the other hand, is ubiquitous and real. If higher education does not demonstrate that its response to P2P is genuine and effective, another attack on sovereign immunity may be justified.

MODEL APPROACHES TO ADDRESSING THE P2P PROBLEM

While some institutions have completely “outlawed” P2P services and actively monitor content,¹⁴⁰ the approach at most institutions has been to treat the Internet and attending services as another forum and resource—regardless of whether the issue is allocation of resources, security, or infringement. We do not allow students to take 500 books out of the library at one time. That is about the same effect as downloading audio files—it is an unnecessary and selfish misuse of resources. This is a concern regardless of whether the downloading is legal or not. Similarly, the security concerns we have across campus are part of our computer responsibilities. Where infringement is concerned, we do not condone copyright violations in any forum, and take a very strong stance against infringement. But, we do not have monitors watching every act members of the academic community make either, and we must resist subpoenas which are not lawfully issued.

The diligence higher education has for copyright integrity is not always apparent, and the need to balance the competing interests in copyright is seen by the content community as a willful disregard for their rights. Our “corporate” model is one in which we promote and give tenure to academics who advocate a complete overhaul of the intellectual property system, we give students access to the most sophisticated technology, and we support librarians who advocate the most free distribution of information as possible. Yet, we also demand legal and ethical behavior from the entire higher education community—usually as a matter of honesty and trust. Because of these competing interests and somewhat diverse goals, higher education has invited the content community to join us in our efforts to teach respect for copyright.

In 2002, a joint committee of members of the higher education and content community was formed to tackle the problems of P2P on campuses head-on.¹⁴¹

138. H.R. 2344, 108th Cong. (2003).

139. See generally *Fla. Prepaid Postsecondary Educ. Expense Bd. v. Coll. Sav. Bank*, 527 U.S. 627 (1999); *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666 (1999); *Alden v. Maine*, 527 U.S. 706 (1999); *Chavez v. Arte Publico Press*, 204 F.3d 601 (5th Cir. 2000).

140. See, e.g., Katie Dean, *Florida Dorms Lock Out P2P Users*, WIRED NEWS, Oct. 3, 2003, <http://www.wired.com/news/digiwood/0,1412,60613,00.html>.

141. See EDUCASE Major Initiatives, Joint Committee of the Higher Education and

The committee identified three basic approaches to reducing or eliminating unauthorized P2P file sharing: (1) campus education policies and practices concerning copyright rights and responsibilities and their implications for P2P file sharing; (2) the use of computer network management technologies to control inappropriate file sharing; and (3) the development of legal, campus-based online music subscription services.¹⁴² To accomplish their goals, a request for information (RFI) was solicited for technologies that could help curb illegal peer-to-peer network file sharing on college and university campuses.¹⁴³ In addition, a second RFI was issued to inquire about available legitimate online music and movie services, the goal being implementation of pilot projects to implement campus-based legitimate online music and movie services.¹⁴⁴

A white paper, "Background Discussion of Copyright Law and Potential Liability for Students Engaged in P2P File Sharing on University Networks," designed to help school administrators better understand the application of copyright law to peer-to-peer network file sharing and students' legal liability when they engage in this illegal activity, was freely distributed.¹⁴⁵ This was closely followed by "University Policies and Practices Addressing Improper Peer-to-Peer File Sharing."¹⁴⁶ These papers give additional guidance on the P2P issues and also give examples of how campuses are addressing specific concerns. By doing so, they not only give guidance for campuses considering additional implementation, they also demonstrate the serious attention higher education is paying to the issue. While the campus examples are diverse, the common theme of policies, education, technological measures, and access to alternatives remains the same.

A particularly creative effort is a DVD and streaming video released by the

Entertainment Communities Technology Task Force, <http://www.educause.edu/issues/rfi/> (last visited Aug. 30, 2006).

142. See Press Release, EDUCASE Major Initiatives, Joint Higher Education and Entertainment Group Issues Review of Year-Long Efforts to Curb Illegal File Sharing on College Campuses (Sept. 2, 2003), available at <http://www.educause.edu/PressRelease/1206?ID=1084>.

143. See JOINT COMMITTEE OF THE HIGHER EDUCATION AND ENTERTAINMENT COMMUNITIES TECHNOLOGY TASK FORCE, TECHNOLOGY OPPORTUNITIES FOR ADDRESSING ISSUES ASSOCIATED WITH PEER-TO-PEER FILE SHARING ON THE UNIVERSITY AND COLLEGE CAMPUS (Apr. 23, 2003), http://www.educause.edu/elements/attachments/rfi/rfi_1/universitiesfi.doc.

144. See JOINT COMMITTEE OF THE HIGHER EDUCATION AND ENTERTAINMENT COMMUNITIES TECHNOLOGY TASK FORCE, OPPORTUNITIES FOR ONLINE DISTRIBUTION OF MUSIC, MOVIES, AND OTHER DIGITAL CONTENT ON THE UNIVERSITY AND COLLEGE CAMPUS, http://www.educause.edu/elements/attachments/rfi/rfi_2/AuthorizedOnlineServicesRFI.doc (last visited Aug. 30, 2006).

145. AMERICAN COUNCIL ON EDUCATION, DIVISION OF GOVERNMENT RELATIONS AND PUBLIC AFFAIRS, BACKGROUND DISCUSSION OF COPYRIGHT LAW AND POTENTIAL LIABILITY FOR STUDENTS ENGAGED IN P2P FILE SHARING ON UNIVERSITY NETWORKS (Aug. 8, 2003), <http://www.acenet.edu/AM/template.cfm?template=/CM/contentDisplay.cfm&ContentID=11008>.

146. AMERICAN COUNCIL ON EDUCATION, DIVISION OF GOVERNMENT RELATIONS AND PUBLIC AFFAIRS, EDUCATION UNIVERSITY POLICIES AND PRACTICES ADDRESSING IMPROPER PEER-TO-PEER FILE SHARING (Apr. 2004), <http://www.educause.edu/ir/library/pdf/CSD3092.pdf>.

Intellectual Property Institute at the University of Richmond School of Law.¹⁴⁷ Entitled “What Do You Think,” the video is designed not to be “a lecture on right and wrong but a call to action—think, engage, and decide these issues for yourself.”¹⁴⁸ The work is released under a Creative Commons license,¹⁴⁹ and distribution and use on campuses is encouraged. This work captures the best of the educational approach. It encourages respect for copyright, yet attempts to change behavior through critical thinking and dialogue—a teaching moment.

On another front, an unprecedented collaboration by the Association of American Universities, the Association of Research Libraries, the Association of American University Presses, and the Association of American Publishers has produced “Campus Copyright Rights and Responsibilities: A Basic Guide to Policy Considerations.”¹⁵⁰ This work is a guide for understanding the issues and risks related to copyright in all areas of academia. The work describes its purpose as:

The principal objective of this project was to bring together these groups, which have differing perspectives and often conflicting views on the appropriate use of copyrighted works, to produce a document that conveys their common understanding regarding the basic meaning and practical significance of copyright for the higher education community.¹⁵¹

It is easy to deem something fair use if you do not know what fair use really is. Just as it is easy to be critical of a system if you do not understand the basics of that system.

Every campus should employ a multi-prong approach to file sharing, including policy, education, technological measures, and access to alternatives. All institutions must maintain and enforce computer use and copyright policies which prohibit copyright infringement and misuse of IT resources. Most of these policies were adopted in the 1990’s and may require updates and modification to better address not only the technical challenges to P2P, but also the challenges of infringement. The computer use policy provides the standard by which Internet traffic and information can be managed.

A complete and detailed copyright policy should also be in place—both for education and to work in conjunction with computer use and student codes for disciplinary actions. In addition, many campuses have developed specific P2P warnings and policies.¹⁵² These policies are further enforced through student

147. Documentary: What do you Think? Documentary National CyberEducation Project (Univ. of Richmond School of Law Intellectual Property Institute 2005) (*available at* <http://www.law.richmond.edu/ipi/whatdoyouthink.htm>).

148. *Id.*

149. See Creative Commons, <http://creativecommons.org/> (last visited Aug. 30, 2006).

150. ASSOCIATION OF AMERICAN UNIVERSITIES, CAMPUS COPYRIGHT RIGHTS AND RESPONSIBILITIES: A BASIC GUIDE TO POLICY CONSIDERATIONS (Dec. 2005), http://aaupnet.org/aboutup/issues/Campus_Copyright.pdf.

151. *Id.* at i.

152. See, e.g., Cornell University Office of Information Technologies, Peer-to-Peer File

disciplinary actions, which at the University of North Carolina campuses have ranged from disconnecting the infringer from the Internet and expunging programs on their computers to suspensions.

Campuses must also continually educate their communities about copyright and P2P use. The resources discussed above provide almost everything any campus needs to establish an effective education program. But, the key to education on copyright is to continually address the issues at orientations for students and faculty, at workshops for new department chairs and deans, and as a condition of Internet use. The face-to-face education is tedious and difficult, but it must accompany the written and audiovisual materials in order to make an impact.

Technological measures range from blocking P2P to restricting bandwidth for dormitories or placing restrictions on time of day or user; most institutions employ at least some type of bandwidth restriction of P2P usage. The University of Connecticut has addressed the costs of P2P by imposing a default block on all P2P services except those used for Intranet applications.¹⁵³ But, a student can request access for a limited time to gain P2P bandwidth. This approach balances the cost and relative inappropriate use with access for legitimate purposes.

The University of North Carolina and others have also worked with a grant from the content community to establish pilot programs on campuses with providers of licensed digital entertainment.¹⁵⁴ These providers included Ruckus, Cdigix, Rhapsody, and Napster. The primary purpose was intended to habituate students to enhanced lawful services. The effects of the pilots across the country are still being evaluated. Some campuses have decided to use institutional funds to make alternative legitimate services available.¹⁵⁵ In addition, legitimate services such as iTunes, have been successful as the content community retools its business model.

CONCLUSION

As we wait for the courts to apply *Grokster*,¹⁵⁶ for Congress to contemplate new

Sharing: Policy and Resources Issues, <http://www.cit.cornell.edu/oit/policy/memos/filesharing.html> (last visited Aug. 30, 2006); Kalamazoo College, Peer-to-Peer File Sharing Policy: Information Series (May 3, 2006), <http://www.kzoo.edu/is/sysnet/policies/peertopeer.shtml>; Mary Anne Fox, James L. Oblinger, & George Worsley, Open Letter from the Chancellor: Liability for Illegal File Sharing (Feb. 13, 2004), <http://www.ncsu.edu/copyright/liability.html>; Stephen A. Jarrell & Robert J. Shelton, Copyright Warning to the UNC Campus Community (Nov. 2003), <http://www.unc.edu/policy/copyrightwarning.html>.

153. Andrew Porter, *University P2P Policy to Change*, THE DAILY CAMPUS, Apr. 11, 2006, <http://www.dailycampus.com/media/storage/paper340/news/2006/04/11/News/University.P2p.Policy.To.Change1843895.shtml?noreferrer=200606061546&sourcedomain=www.dailycampus.com>.

154. See Univ. of N.C., UNC Launching First Peer File Sharing Initiative (Oct. 14, 2004), <http://www.northcarolina.edu/content.php/pres/news/releases/pr2004/20041014.htm>.

155. See Katie Dean, *Penn State Napster Ink Pact*, WIRED NEWS, Nov. 6, 2003, <http://www.wired.com/news/digiwood/0,1412,61093,00.html>. But see John Borland, *Penn State Student Blast Napster Deal*, CNET NEWS.COM, Nov. 6, 2003, http://news.com.com/2100-1027_3-5103918.html.

156. See, e.g., *Monotype Imaging, Inc. v. Bitstream, Inc.*, 376 F. Supp. 2d 877 (N.D. Ill. 2005); *BMG Music v. Gonzales*, 430 F.3d 888 (7th Cir. 2005).

legislation for P2P, and for the content community to create a business model more attractive than expensive CD's or infringing P2P networks, it is important to remember that while technology is progressing at a revolutionary pace, the core issues are timeless and do not always need a high-tech approach. In fact, the issues are the same ones the academy has always faced—questions of ownership, intrusion into private lives, and ethical actions in the face of choices. These are what our concerns should be, regardless of whether the forum is the Internet, library, classroom, hallway, or dormitory. Regardless of the forum, higher education has a stake in the issues and a duty to promote ethical actions.

P2P's application to contributory and vicarious copyright infringement has sent courts in odd searches for analogies and methods of analysis—from the “purveyor of slinky dresses to potential prostitutes,”¹⁵⁷ to “owners of swap meet premises,”¹⁵⁸ to the “landlord/tenant relationship.”¹⁵⁹ None fits particularly well, which is why the inducement of infringement theory advanced in *Grokster* is the most logical place for the courts to land. The provisions of the DMCA were written before P2P was in existence and the blanket protections in Section 512(a) can be eliminated if Congress is convinced that ISPs are not worthy of the protection. Moreover, the widespread abuses in current P2P services may provide the justification that some members of Congress have been looking for to force the states to waive sovereign immunity for intellectual property actions. These uncertainties have made it more difficult for higher education to maintain its balance, enforce discipline for unauthorized file sharing while maintaining academic freedom and fair use, promote technology that promises to enhance education, and still keep its safe harbors intact.

The copyright and computer use policies we have in effect can be models for the balance between copyright ownership and the equally important principles of fair use and academic freedom; and the educational, technical, and disciplinary measures and solutions we have in place can enhance that balance. Through technical restrictions and by providing access to alternatives, we can reduce the effect of P2P abuses on legitimate resources. And by attempting always to teach first and discipline second, we can encourage and reinforce habitual respect for ownership and fair use. To take a different stance on Internet use would be chasing the technology, rather than facing the basic ethical and legal problems at hand. In the meantime, we will take lessons from Belgium on how to survive a war we did not invite.

157. In re *Aimster*, 334 F.3d at 651.

158. *A&M Records, Inc.*, 239 F.3d at 1023.

159. *MGM Studios, Inc.*, 380 F.3d at 1164.