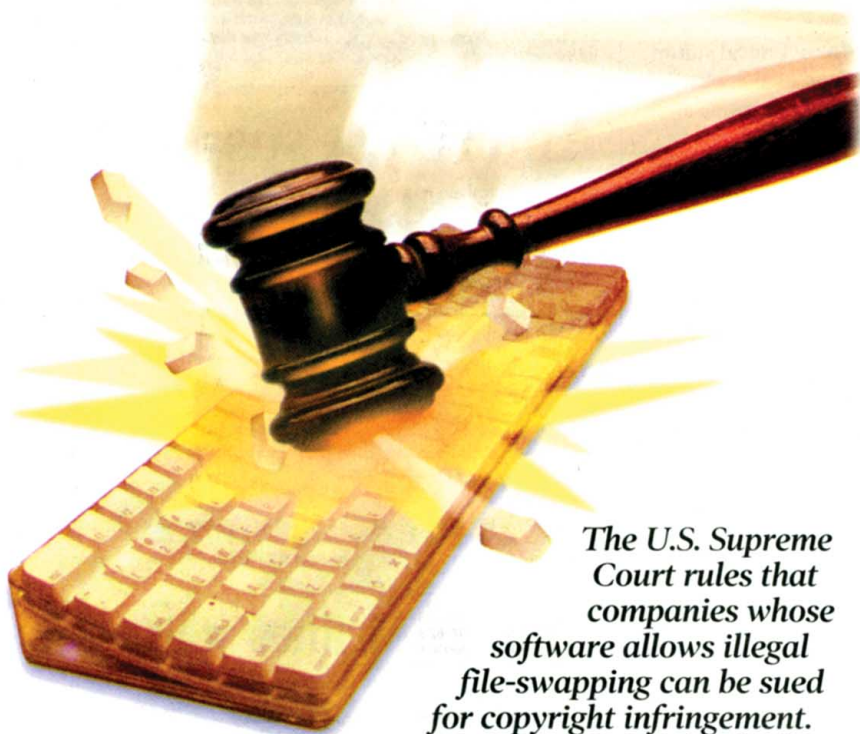


## If you share, beware



**The U.S. Supreme Court rules that companies whose software allows illegal file-swapping can be sued for copyright infringement.**

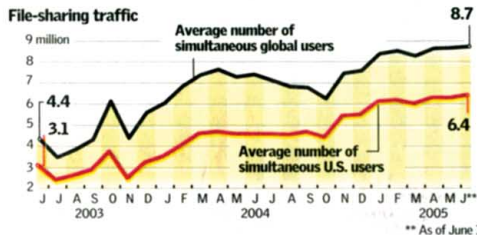
### No free pass for file-sharing services

The U.S. Supreme Court said file-sharing services will be held responsible if their customers use the companies' software to swap songs and movies illegally. As much as 90 percent of songs and movies are copied illegally, according to the music industry.

**Average size of files on FastTrack, a peer-to-peer network\***

May 2002	3.22 MB
May 2005	8.92 MB

\* Includes Kazaa and other programs



Source: BigChampagne LLC

The Associated Press

### Downloading defeat

**Decision:** The U.S. Supreme Court rules that the entertainment industry can sue companies that make file-sharing software and encourage users to violate copyright laws.

**What it means:** The court says copying digital music and movie files "threatens copyright holders as never before" because it's so easy and popular.

**The other side:** Critics say the ruling may scare technology developers away from new products.

**What the court says:** "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. ... As the account of the facts indicates, there is evidence of infringement on a gigantic scale." — **Justice David Souter, writing for the court in a unanimous decision**

THE ASSOCIATED PRESS

By Kimberly S. Johnson  
Denver Post Staff Writer

Software and Internet companies that allow people to download copyrighted songs and movies may be held liable if the technology is marketed or intended for illegal use, the U.S. Supreme Court unanimously ruled Monday.

The case, Metro-Goldwyn-Mayer Studios vs. Grokster Ltd., will return to a lower court, which had ruled in favor of the file-sharing company. Supporters of the software companies said that such lawsuits would stifle technology innovation.

"It's an interesting decision, the courts are going to look at what individuals are doing on a case-by-case (basis) and what peer-to-peer software developers are doing," said Ian Saffer, partner at Townsend and Townsend and Crew in Denver. "The court will make a determination in terms of the intent, whether they were actually encouraging illegal sharing of music."

Grokster claimed that there were legal uses of its software and file sharing and therefore infringement laws didn't apply. But there's evidence that it was trying to do the same thing Napster was doing, Saffer said. Napster was shut down several years ago for allowing users to illegally download music. Napster has since relaunched as a legitimate, fee-based service.

Mark Cuban, owner of the Dallas Mavericks basketball team and co-founder and chief executive of HDNet, helped pay for Grokster's defense. He said the ruling was "enough of a win to

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