

COPYRIGHT INFRINGEMENT: INDIRECT LIABILITY, GROKSTER AND ITS EFFECT

by

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I. Introduction

Music and video media lovers widely use copying services offered on the internet to download and otherwise copy songs and movies. Those who engage in the practice are often committing copyright infringement. Pursuing suits against each individual copier is too expensive. So the entertainment industry has pursued the internet service providers (ISPs) for enabling the copiers to illegally copy works. The claims against the ISPs are based on forms of indirect copyright liability that have been judicially created and recognized. They are not codified in the copyright statute. Indirect copyright liability is holding a defendant liable for another's wrongful copying.

Last year the Supreme Court decided *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd. (Grokster)*,¹ its third copyright decision dealing with indirect liability for others' wrongful copying. Each decision has modified the doctrines addressing indirect copyright liability. The first decision is *Kalem Co. v. Harper Brothers (Kalem)*,² where in 1911 the Court recognized indirect liability for one who invoked infringing use of a copyrighted work through advertising.³ The second decision is *Sony Corp. of America v. Universal City Studios, Inc. (Sony)*,⁴ where in 1984 the Court confirmed applicability of indirect liability in forms called contributory infringement and vicarious liability. Then the Court adopted patent law's "staple article of commerce" doctrine to deny liability for contributory and vicarious infringement if the product is capable of substantially noninfringing uses. The third case is *Grokster* where in 2005 the Court adopted patent law's inducement theory to impose liability on marketers of peer-to-peer (P2P) file sharing software.

This article examines the Supreme Court's decision in *Grokster*. The opinion was unanimous, but two other concurring opinions were submitted by six justices, three on each side. The article reviews lower courts' uses of the case during the year after which the decision was rendered. The lower courts have not necessarily used *Grokster* for its actual holding in copyright cases. The case has much value, however, for scholars debating the wisdom and parameters of copyright or for exploring the newer technologies that strain the seams of the copyright fabric.⁵

First, this article explains copyright infringement and P2P file sharing. Second, it summarizes the history of indirect copyright liability. Third, it examines the three opinions in *Grokster*. Fourth, it summarizes the cases that have applied the decision.

II. Copyright Infringement and P2P File Sharing

Copyright gives the owner of an original work of authorship an exclusive right to make and market copies of its work.⁶ Copyright's goal is to promote creation and dissemination of original works.⁷ It is believed that enabling an owner of a work to reap a financial reward from marketing copies of the work will promote the progress of science and useful arts. Recently the courts have sought to achieve a balance between promoting technological progress through innovative internet services and thwarting creative activity through failure to adequately protect the exclusive right to make and market copies of the work.⁸ Courts do not always agree on where to draw the line. That has happened with P2P file sharing systems. The courts have considered the balance between the competing interests inherent in copyright. On one side is the right of the owner to exclude others from access to the work unless payment is made for access. On the other side is the interest of society in having access to intellectual property for the public good.

One who copies a copyrighted work is liable for copyright infringement. There are exceptions to this rule, so the copyright owner's right is not as exclusive as it appears. Copyright is protected by federal statute. Courts interpret statutes. Courts apply common law concepts to statutory law problems and have done so in copyright law.

Courts now hold some defendants liable for copyright infringement even though the defendant did not illegally copy the copyrighted work. Those who enable others to infringe copyright may be liable on the basis of two indirect liability doctrines that were recently summarized by the Supreme Court in *Grokster*. Indirect liability for copyright infringement is now recognized in two forms: contributory copyright infringement and vicarious liability for copyright infringement. This article refers to them as contributory and vicarious infringement. They overlap in applicability. Both theories require that the technology enable an underlying act of direct infringement. Contributory liability attaches when the defendant also knows of the infringement and materially contributes to it. Vicarious liability requires that the defendant must directly financially benefit from the infringement and have the right and ability to control the infringer's actions.⁹ The factors for each form will be examined in the next section.

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Copyright was created in reaction to a technological invention that made copying another's original work of authorship easy. That first invention was the printing press. Since that time there have been numerous new technologies that have enabled copiers to more easily infringe the copyright of the owner of the work. A recent technology is internet services that provide programs that enable internet users to download and copy works of authorship. Copying is commonly performed on musical and video works.

The entertainment industry¹⁰ has pursued suits against individuals for direct copying.¹¹ It is felt that the illegal copying is on such a large scale that individual suits against each copier are too burdensome for the copyright owner. So the industry has sued the providers of the copying services for their role in inducing or enabling the individual copying.

Since P2P file sharing is a new technology, its possible socially beneficial uses are barely being realized.¹² It is agreed that P2P file sharing technology holds much promise for facilitation of communication for far more than music and movie copying. The music and movie industries would like to have the ISP services prohibited. Those who see future noninfringing uses of the services would like to have the opportunity for innovative growth. It is not good policy to hinder or prevent technology that is going to be widely used throughout the world, possibly for noninfringing uses.

III. History of Indirect Copyright Liability

A Justice Holmes opinion from 1911, *Kalem*,¹³ is the Supreme Court's first imposition of copyright liability for contributing to another's actual infringement. In that case Kalem Company made a motion picture based on the book BEN HUR. At that time, the author had the exclusive right to dramatize a book. But Kalem argued that he did not display the images, that he simply sold the movie to jobbers who did the actual playing of the movie. Foreshadowing the problem in *Sony* over 70 years later, Justice Holmes said, "In some cases where an ordinary article of commerce is sold nice questions may arise as to the point at which the seller becomes an accomplice in a subsequent illegal use by the buyer."¹⁴ Then he pronounced the language that formed the basis for the *Grokster* holding regarding invoking infringement, particularly by advertising. "The defendant not only expected but invoked by advertisement...."¹⁵ Finally, Justice Holmes applied common law principles of liability for contributing to an illegal act.¹⁶ He used the word "contribute" as a verb, not as an adjective as it is being used by courts today. In other words, it was not a doctrine in 1911, but it is now.

In 1984 the Supreme Court considered indirect liability for copyright infringement of the manufacturer of the video cassette recorder, Sony. The defendant argued that it did not directly copy, that it did not control what others did with the device, that even if there was indirect liability for enabling others to copy, the copying that was done was primarily fair use. Sony lost on the first two arguments, but prevailed on the fair use defense. The Supreme Court in *Sony*¹⁷ studied cases that had built law on the *Kalem* foundation of indirect liability for copyright infringement. The Court acknowledged the doctrine of contributory infringement.¹⁸ It said the claimant would have to prove direct infringement and that defendant should be held responsible for that direct infringement. Note that the decision was close, a 5-4 decision. Ultimately the majority found that much of the copying was not infringing, but was fair use. It found an overriding public interest in access to the article of commerce.¹⁹ For years *Sony* was the guidepost for any decision on fair use. Nevertheless, the Court reaffirmed its acceptance of common law doctrines of indirect liability for copyright infringement. Its summary of the lower court decisions was adoptive and not critical. It embraced the law that had developed between the 1911 *Kalem* decision and the 1984 *Sony* decision. Subsequent lower court decisions considering *Sony* concentrated far more on development of the fair use doctrine than on the indirect liability doctrines identified by the Supreme Court. The indirect liability issues languished until the arrival of the internet and its wonderful ability to foster massive copying.

Three internet file sharing cases led to the Supreme Court's decision to review the Ninth Circuit's opinion in *Grokster*. They are *Napster*, *Aimster*, and the Ninth Circuit's opinion in *Grokster*. All three cases interpreted the doctrines refined in the aftermath of *Sony*: contributory copyright infringement, vicarious copyright infringement, and the staple article of commerce doctrine. The courts that have applied *Sony* to cases involving technology that enables direct copyright infringement have become sophisticated in their understanding and articulation of the theories of indirect liability.

First, in 2001 the Ninth Circuit found Napster liable for contributory and vicarious forms of copyright infringement. The ISP maintained a central server that connected providers and copiers of musical works.. It enabled individuals to download music files that the Napster server maintained access to. Both forms of indirect copyright infringement require that the technology enable an underlying act of direct infringement. Contributory liability attaches when the defendant also knows of the infringement and materially contributes to it. Note three requirements: direct infringement, knowledge of the direct infringement, and materially contributing to the direct infringement. Vicarious liability results when the defendant directly financially benefits from the infringement. It must also have the right and ability to control the infringers' actions.²⁰ Again, note three requirements: direct infringement, financial benefit from the direct infringement, and ability to control the direct infringer's actions.

Napster users committed copyright infringement by downloading copyrighted music. Napster knew about and could track the copying. It presumably had actual knowledge of specific infringing uses. Napster actively participated in illegal music copying by operating a central server that received requests, found owners of the requested music, and transferred the music to the requester. Therefore it was liable for contributory copyright infringement.²¹ Napster was also liable for

vicarious infringement even though the service was free!²² It did have the capability to control the the direct infringers' actions, although it did not actively do so.

Technology was quickly developed to eliminate the central server that was the cause of Napster's liability. After Napster was stopped from its activity, numerous other ISPs developed technology that enabled music copiers to download music files. The newer systems used two main strategies. The first was locating overseas where it was hoped the U.S. courts could not have jurisdiction. The second was eliminating the use of a central server that received requests and found links to providers.²³ The use of the central server was found to be the main factor in Napster's liability, it being actively engaged in encouraging others to illegally copy. Grokster eliminated the central server and thought it would be immune from liability. Its logic worked in the Ninth Circuit, since that court found it immune from liability.

Second, in 2003, the Seventh Circuit in *Aimster* differed from the Ninth Circuit's interpretation of *Sony* when it considered a similar factual situation to *Napster*.²⁴ It also involved a P2P file sharing system primarily used for infringing copying of music and movies. First, the Seventh Circuit said *Sony's* doctrine protecting makers of instruments that enable copyright infringement if the instrument is capable of substantial noninfringing uses meant more actual use than the Ninth Circuit had been requiring. The Ninth Circuit had interpreted the "capable of substantial noninfringing uses" language to mean capable, but not necessarily actually used for much noninfringing use. The Seventh Circuit said *Sony* would require more actual noninfringing use.²⁵ In other words, the Seventh Circuit thought the Ninth Circuit had misinterpreted *Sony*. Second, the court pointed out the difference in a machine versus a service. *Sony* provided a machine through sales. It had no control over the use of the machine once sold.²⁶ Internet providers sell a service and do have an ability to control the uses of the service through monitoring and maintenance. Third, the court thought that there was no need for the P2P file sharing provider to actually know of specific infringing uses to be liable for contributory copyright infringement.²⁷ In comparison, the Ninth Circuit had implied that actual knowledge would be a prerequisite of contributory copyright infringement liability. Indeed that was the basis for the Ninth Circuit's decision in *Grokster*, where it found that Grokster was not liable for contributory or vicarious infringement because it had no actual knowledge of specific infringing uses of the program.²⁸

The third case was the Ninth Circuit's *Grokster* decision that found the company's file sharing methods and P2P network were not contributorily or vicariously infringing, although the network users probably were engaging in direct copyright infringement.²⁹ The court said that the service had no actual knowledge of infringement by the users, which it said is a requirement of indirect liability.³⁰ Grokster was not contributorily liable. There was direct infringement, it might have materially contributed to the direct infringement, but it lacked actual knowledge of the direct infringement. Grokster was not vicariously liable.³¹ There was direct infringement and it financially benefitted from the direct infringement, but it lacked the ability to control the direct infringement.

The stage was set for the Supreme Court to review the law since two circuits were in conflict over the law on indirect liability for copyright infringement.

IV. The Supreme Court's *Grokster* Opinions

The Supreme Court actually published three opinions. The first opinion was unanimous. It chose to vacate the Ninth Circuit's opinion and remand *Grokster* to the lower court.³² The second opinion was authored by Justice Ginsburg and joined by two other justices. The third opinion was authored by Justice Breyer and joined by two other justices. The second and third opinions disagreed with one another. Although not previously mentioned, Streamcast was a second defendant. While its P2P service was a little different than Grokster's, the Supreme Court came to the same conclusion for both.

A. Unanimous Opinion

The unanimous opinion cited evidence that placed Grokster and StreamCast closer to Napster than what the lower courts did. The lower courts had found the intent of the network operators was irrelevant if there was not actual participation in the illegal copying activity. In *Napster* it was clear that the operator actively participated in helping users illegally download music and video files. Grokster and StreamCast did not use servers to intercept search requests, nor did the users' communications enter a central server. Nevertheless, the Court was bothered by the fact that StreamCast targeted Napster users, enticing them to engage in their illegal copying through StreamCast. The program was even named "OpenNap."³³ The Supreme Court's concern over the marketer of the service that enables infringement is similar to Judge Posner's opinion in *Aimster*. Rather than disagree with the Ninth Circuit's interpretations of *Sony's* theories of indirect liability for copyright infringement, the Supreme Court overlaid the indirect liability quagmire with a new inquiry based on patent's inducement theory.

The Supreme Court acknowledged its obligation to balance the competing interests inherent in copyright: the public interest in the free flow of information against the private interest in an exclusive right to own and control distribution of one's intellectual property. To that end the Court identified four advantages to P2P networks: 1. no need for a central computer server, 2. high-bandwidth communications are not necessary, 3. requests can be filled quickly from a variety of

connected computers, and 4. fewer crashes in systems occur.³⁴ The Court identified two disadvantages: that it is difficult to control 1. the content of files available and 2. the behavior of users.³⁵ The Court also acknowledged that P2P networks have lawful uses by universities, government agencies, corporations, and libraries.³⁶

The Court reviewed the district court and Ninth Circuit opinions and interpretations of *Sony*.³⁷ It reiterated *Sony*'s recognition of contributory infringement and vicarious infringement even though the Copyright Act does not expressly provide a cause of action for those activities.³⁸ The Court acknowledged that MGM argued those two theories and lost in the lower courts. The Court declined to review the merits of the two theories of copyright liability. It chose instead to incorporate the inducement theory into copyright law.³⁹ But the Court did look at *Sony*, because it is the most recent time the Supreme Court has addressed indirect liability⁴⁰ in copyright law. It also admitted that MGM, the party the Court wished to benefit, had based its claim against Grokster on the *Sony* opinion and adoption of indirect liability theories into the copyright law.⁴¹

The Court continued from *Sony*, which had said that if the defendant had knowledge of infringing uses of the technology, then it could be held indirectly liable. The Court added that even without actual knowledge of specific acts of infringement, a defendant could be liable for indirect infringement if it actively induced infringement. "Thus, where evidence goes beyond a product's characteristics or the knowledge that it may be put to infringing uses, and shows statements or actions directed to promoting infringement, *Sony*'s staple-article rule will not preclude liability."⁴² The Court found three facts that caused it concern about inducing others to copy. First, the defendants publicly stated that the objective of using the programs was to copy copyrighted works. Second, the defendants did not develop safeguards or deterrents to deter infringing activity. Third, the defendants profited from the activity by selling advertising.⁴³

But when one reviews the facts and findings in the trial court in *Sony*, as Justice Breyer did, it is difficult to distinguish between the inducement done by Sony in its advertising of the Betamax and its training of sales personnel to demonstrate how to copy and store copies of television programs and televised movies, and the inducement done by the defendants in *Grokster*. Clearly, the lower courts will continue to grapple with finding the appropriate balance between the competing interests in copyright as technology continues to change at breakneck speeds.

There actually is a distinction between *Sony* and *Grokster* in regards to the item that was being distributed. Sony's VCR is a machine that Sony sold and did not continue to participate in. Grokster's program is an intangible copyrighted (presumably) software program that Grokster continually participated in running and reaping financial benefits from. It did this through advertising. It continued to interact with its users. Sony did not do that. The Court did not identify this distinction, but it may have been in the minds of the justices as they perceived Grokster as being more actively engaged in promoting infringing uses of its product than was Sony. The Court did, however, write, "Although Sony's advertisements urged consumers to buy the VCR to 'record favorite shows' or 'build a library' of recorded programs, neither of these uses was necessarily infringing..."⁴⁴ Those are the same type of copying that Grokster was enabling its users to do. Why is recording a TV show and saving it a fair use and not illegal, when recording a song and saving it is infringing use? This is an issue to be in a later writing.

Sony could have been held liable on an inducement theory also, but the Court was predisposed to allow the technology. Now the Court is tired of allowing infringing technology. This was a problem with copy machines, even with printing presses. So we are back to the original copyright problem of stopping a technology simply because it is used to infringe copyright. We know Grokster is capable of substantially noninfringing uses.

B. Justice Ginsburg's Concurring Opinion

Justice Ginsburg was joined by the Chief Justice and Justice Kennedy. She believed the Ninth Circuit misunderstood and misapplied *Sony*. She said that at least summary judgment for Grokster was inappropriate. She found there were issues of fact for possibly engaging in active inducement of copyright and for contributory infringement based on the distribution of the software products.⁴⁵ The two categories overlap, but "they capture different culpable behavior."⁴⁶

Justice Ginsburg reviewed the *Sony* Court's reasoning and its findings based on the evidence. Her summary of the case is accurate. She then explained that the Ninth Circuit erred three years ago in *Napster*,⁴⁷ when the Ninth Circuit held that "if substantial noninfringing use was shown, the copyright owner would be required to show that the defendant had reasonable knowledge of specific infringing files."⁴⁸ Reading between the lines, it appears that Justice Ginsburg disagrees with the Ninth Circuit's application of the standard in *Sony* that the "product need only be capable of substantial noninfringing uses."⁴⁹

The problem with her explanation is that it complains about the evidence the Ninth Circuit relied on in *Grokster* to show that it met *Sony*'s standard. She did not compare the actual facts and evidence before the Court in *Sony* with the actual facts and evidence before the Ninth Circuit in *Grokster*. This was, however, done by Justice Breyer in his concurring opinion that disagreed with Justice Ginsburg's concurring opinion. So we have one unanimous opinion and two concurring opinions that concur with the unanimous opinion, but disagree with one another. This will prove difficult for the lower courts who must revisit the case on remand. Justice Ginsburg did indeed spend pages reviewing the evidence relied on by the Ninth Circuit in *Grokster*. She was persuaded that when the primary use is infringing, the court should not grant summary judgment. She does not mention that in *Sony* the primary use of the VCR was certainly infringing also. She referred to the

issue over which she disagreed with the Ninth Circuit as “*Sony’s* product distribution holding.”⁵⁰ She suggested that the Ninth Circuit should revisit it if it does not find liability on the inducement theory.⁵¹ The lower courts might find *Grokster* liable under the inducement theory and not try to second guess what the Supreme Court thinks *Sony* means.

C. Justice Breyer’s Concurring Opinion

Of course the technology should not be stopped. Justice Breyer seemed to think so too. He agreed with the Court that a “distributor of a dual-use technology may be liable for the infringing activities of third parties where he or she actively seeks to advance the infringement.”⁵² He also agreed “that, in light of our holding today, we need not now ‘revisit’ *Sony*....”⁵³

Having said this, he indicated that the lower courts did correctly interpret and apply *Sony*.⁵⁴ So why did he feel the need to support and delve so deeply into the facts in *Sony*? He believed Justice Ginsburg indicated that the lower courts misinterpreted *Sony*. She did indeed strongly indicate that *Sony* has been misread. So Justice Breyer reviewed *Sony* in its factual details, just to show that by comparison, if anything, *Grokster* looks better than *Sony* did in the VCR uses. Consider that a VCR is only good for copying and playing videocassettes. *Grokster’s* P2P file sharing is capable of more than simply copying. It is a communication device among internet users. It does not have to be used for copying music or movies. It can actually be used for discourse. Justice Breyer found three factual parallels.

“First, [i]n *Sony*, the Court considered the potential copyright liability of a company that did not itself illegally copy protected material, but rather sold a machine...that could be used to do so. A buyer could use that machine for noninfringing purposes....[or]...for infringing purposes as well...[o]r, the buyer might use the machine to record copyrighted programs under circumstances in which the legal status of the act of recording was uncertain....”⁵⁵

Second, “*Sony* knew many customers would use its VCRs to engage in unauthorized copying and ‘library-building.’” But that fact was insufficient to make *Sony* itself an infringer. And the Court ultimately held that *Sony* was not liable for its customers’ acts of infringement.⁵⁶

Third, “[t]he Court had before it a survey (commissioned by the District Court and then prepared by the respondents) showing that roughly 9% of all VCR recordings were of the type -- namely, religious, educational, and sports programming -- owned by producers and distributors testifying on *Sony’s* behalf who did not object to time-shifting.”⁵⁷ Comparing the facts in *Sony* to the facts in *Grokster*, Justice Breyer concluded that “the evidence now before us shows that *Grokster* passes *Sony’s* test -- that is, whether the company’s product is capable of substantial or commercially significant noninfringing uses.”⁵⁸ Justice Breyer believed that more lawful uses for P2P file sharing would develop so long as P2P file sharing sites were permitted to operate.⁵⁹

He said the issue is not whether the *Grokster* facts satisfy the *Sony* standard, but whether the Court should change the *Sony* standard to be stricter.⁶⁰ He presented a three point inquiry. “...(1) Has *Sony*...worked to protect new technology? (2) If so, would modification or strict interpretation significantly weaken that protection? (3) If so, would new or necessary copyright-related benefits outweigh any such weakening?”⁶¹ This is a worthy inquiry. It has an economic and social basis. It is forward looking. It asks if the policy is based on protecting the status quo when change is desirable. Justice Breyer then proceeded to answer the three questions he had posited. (1) *Sony’s* rule has given authors an “assurance that they will be shielded from copyright liability as they bring valuable new technologies to market.”⁶² (2) Strict interpretation of the *Sony* rule would cause a “chill of technological development.”⁶³ (3) New copyright-related benefits do not outweigh “technology-related loss.”⁶⁴ Justice Breyer pointed out that although *Grokster* involved music sharing, other uses of P2P file sharing would also suffer from a narrow interpretation of *Sony*. He recognized other solutions for the copyright holder to be protected even while others are protecting their activities by suing.

V. Subsequent Uses for *Grokster*

The three opinions in *Grokster* indicate that the Court agrees on the adoption of another patent doctrine into copyright law, but that it disagrees on the standards for finding or absolving a defendant of indirect liability for copyright infringement. At least three justices agree with the *Aimster* point of view. At least three justices agree with the *Napster* and Ninth Circuit’s *Grokster* point of view. So examining how lower courts are interpreting *Grokster* is important to businesses who wish to use P2P file sharing technology. As of this writing, fourteen federal cases have cited *Grokster*.⁶⁵ Whether the Supreme Court is swinging more toward protecting the rights of the copyright holder will be examined by the lower courts in the next few years.

In two cases the music industry had sued direct infringers for using P2P file sharing to illegally download music. *Grokster* was cited primarily because of the similarity in subject matter.⁶⁶ Three opinions involved patent infringement.⁶⁷ It may result that *Grokster* is more widely applied by courts considering patent infringement claims than by courts considering copyright infringement claims. The inducement doctrine is not codified in either patent or copyright statutes, so the more authoritative courts apply it, the more those opinions will be cited for use of the doctrine.

Three opinions found no underlying direct infringement of the plaintiffs’ copyrights. That is a requirement for any type of indirect infringement liability. Those cases cited *Grokster* generally for recognition of indirect liability. The court in *Terry Newborn v. Yahoo, Inc.*⁶⁸ cited *Grokster* for recognition of indirect liability in copyright law. It could have cited

numerous cases for this same proposition. *Grokster's* holding was not involved in the case. The plaintiff could not prove the first requirement for contributory infringement, that there was underlying direct infringement.⁶⁹ All of the indirect liability cases recognize that there can be no indirect copyright liability without there being an underlying direct infringement activity. In *Perfect 10 v. Google, Inc.*⁷⁰ the court also cited *Grokster* for its holding, "One infringes contributorily by intentionally inducing or encouraging direct infringement." However, Google was not liable for contributory infringement because there was no evidence of direct infringement by Google users. Secondly, P10 could not rely on *Grokster* because there was no evidence that Google induced infringement by Google users.⁷¹ So this court made a determination of what inducing infringement is. In *Monotype Imaging, Inc. v. Bitstream Inc.*,⁷² the court cited *Grokster* for the proposition that even if the instrumentality is capable of substantial noninfringing uses, it is not acceptable if the defendant induces infringement.⁷³ The court summarized *Grokster*, even though it had little application in the situation, since the threshold requirement of underlying direct infringement had not been shown.

Three opinions cited *Grokster* for its holding on inducing infringement, although only one decided on that basis. In *Contessa Food Products, Inc. v. Lockpur Fish Processing Co. Ltd.*⁷⁴ the court cited the Ninth Circuit's summary of the three elements required to show contributory copyright infringement. The case involved contributory infringement. The Supreme Court's opinion did not affect the substantive law of indirect liability, except insofar as adding a new consideration. In *AMC Technology, L.L.C. v. SAP AG, SAP America, Inc.*⁷⁵ the court cited *Grokster* for a requirement of proof when alleging contributory infringement. This case uses the *Grokster* holding to impose liability on the defendant for contributory and vicarious copyright infringement. "One infringes contributorily by intentionally inducing or encouraging direct infringement."⁷⁶ This language is the foundation of three courts' citations of *Grokster*. In *Arista Records, Inc. v. Flea World, Inc.*,⁷⁷ the defendant used *Grokster* to show that it did not actively induce others' direct copyright infringement. The case involved liability of a flea market for its vendors selling bootlegged CDs. The court applied the traditional contributory and vicarious infringement analysis that had been developed in the Ninth Circuit, presuming that *Grokster* did not affect that basic law. *Grokster* was applied and distinguished repeatedly in the opinion. Note that the Ninth Circuit had a similar case that it used as a guideline for *Napster* and for *Grokster*.⁷⁸

VI. Analysis and Conclusion

"[C]ourts continue the struggle to balance public rights of access to copyrighted works with the copyright owners' interests in reaping just rewards for creative labors."⁷⁹ This tension between public interest and private ownership is the inherent tension in copyright. The Supreme Court added patent law's inducement theory to considerations in copyright involving indirect liability.

The Supreme Court remanded *Grokster* for the lower courts to reconsider. At this time the district court has not redecided. What the lower court will do on remand after studying this Supreme Court decision is less predictable than usual. The unanimous opinion eschewed interpretation of *Sony*, simply choosing to invite application of a second patent doctrine not previously adopted into copyright law. The Justice Ginsburg decision, concurred in by Chief Justice Rehnquist and Justice Kennedy, called for a rereading, a reinterpretation, of *Sony*.⁸⁰ The Justice Breyer decision, concurred in by Justice Stevens and Justice O'Connor, indicates that the Ninth Circuit and the district court both applied *Sony* precisely as it was meant to be interpreted.⁸¹ Under his scheme of the law, the lower courts would be applying the new Supreme Court decision on the inducement doctrine. When one reviews the facts and findings in the trial court in *Sony*, as Justice Breyer did, it is difficult to distinguish between the inducement done by Sony in its advertising of the Betamax and its training of sales personnel to demonstrate how to copy and store copies of television programs and televised movies, from the inducement done by the defendants in *Grokster*. It is difficult to predict how the lower court may decide the applicability of the inducement theory in *Grokster's* case.

There is a distinction between *Sony* and *Grokster* in regards to the item that was being distributed. Sony's VCR is a machine that Sony sold and did not continue to control. *Grokster's* program is an intangible software program that *Grokster* continually participated in running and reaping financial benefits from. It continued to interact with its users. Sony did not do that. This may have been in the minds of the justices when they perceived *Grokster* as being more actively engaged in promoting infringing uses of its product than was Sony. The Court said that Sony's advertising and training induced consumers to buy the VCR to record favorite shows and to build a library of recorded programs, but that these uses were fair. Those are the same types of copying that *Grokster* was enabling its users to do. The question becomes why recording a TV show and saving it is a fair use and not illegal, while recording a song and saving it is infringing use.

The Court acknowledged that MGM argued those two theories and lost in the lower courts. The Court said it would not consider the merits of the two theories of copyright liability: contributory infringement and vicarious liability for copyright infringement. It chose instead to incorporate the inducement theory into copyright law. But the Court did look at *Sony*, because it is the most recent time the Supreme Court has addressed secondary liability in copyright law. The unanimous opinion in *Grokster* did not resolve the differing views of base requirements for vicarious and contributory copyright infringement. Justice Ginsburg did address these issues. She agreed with the Seventh Circuit and Judge Posner. Justice Breyer did address these issues. He agreed with the Ninth Circuit in both

Napster and *Grokster*. Since the unanimous opinion did not find either with the Ninth Circuit or with the Seventh Circuit, practitioners and scholars are left to ponder the issue. But at times the decision will not have to be made, since they can apply the most recent interpretations of the newly recognized inducement theory.

Consider that a VCR is only good for copying and playing videocassettes. *Grokster*'s P2P file sharing is capable of more than simply copying. It is a communication device among internet users. It does not have to be used for copying music or movies. It can actually be used for discourse. Sony could have been held liable on an inducement theory also, but the Court was predisposed to allow the technology. Now the pendulum seems to have swung and the Court is allowing less infringing technology. So we are back to the original copyright problem of stopping a technology simply because it is used to infringe copyright.

The unanimous opinion sounds ominously like it would reinterpret *Sony* to lower the threshold for imposing liability for contributory infringement. If this is the case, there is likely to be a deluge of contributory infringement cases against numerous internet server systems. Justice Breyer mentioned that a good thing about *Sony* is that there have been very few contributory infringement copyright cases dealing with the newer technologies that make copying simple.⁸²

Indeed, in the district court and in the Ninth Circuit Court of Appeal, the *Sony* and *Napster* line of cases dictated that *Grokster* and StreamCast were not liable for contributory infringement or for vicarious infringement.⁸³ Logically, if the Supreme Court opinion chose not to readdress *Sony*, the reasoning that led the circuit and district courts to find no liability is still intact. The courts now have another layer of inquiry to place upon the analysis after the finding of no contributory or vicarious infringement. That is the inducement theory. There is now a problem of having no guidelines for what constitutes inducement that gives rise to vicarious and contributory liability.

The lower courts will continue to struggle as technology continues to change at breakneck speeds and the copyright law attempts to address the parameters of protection.⁸⁴ The cases relying on *Grokster* have been diverse in their application. Only one out of the fourteen studied actually considered and applied the inducement doctrine that the Supreme Court adopted.

Footnotes

¹ *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, ___ U.S. ___, 125 S. Ct. 2764, 162 L. Ed. 2d 781, 2005 LEXIS 5212, 75 U.S.P.Q.2D (BNA) 1001, 33 Media L. Rep. 1865, 18 Fla. L. Weekly Fed. S 547 (2005) [hereinafter *Grokster*].

² *Kalem Co. v. Harper Brothers*, 222 U.S. 55, 62-63, 56 L. Ed. 92, 32 S. Ct. 20 (1911).

³ Quoting *Grokster* at 7, describing the holding in *Kalem Co. v. Harper Brothers*, 222 U.S. 55, 62-63, 56 L. Ed. 92, 32 S. Ct. 20 (1911).

⁴ 464 U.S. 417, 78 L. Ed.2d 574, 104 S. Ct. 774 (1984).

⁵ Shepardization of Lexis-Nexis indexed law journals that have cited *Grokster* revealed 86 citations as of May 23, 2006.

⁶ The 1976 Copyright Act, 17 U.S.C. §106 (2005).

⁷ U.S. Const. art. I, §8, cl. 11. "The Congress shall have power...To 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...." Inherent in the recognition of copyright is the protection of two conflicting interests: the public right to access and the private right to exclusive ownership.

⁸ This is the precarious balance that the Supreme Court ultimately maintains and readdresses every time a new technology causes the courts to decide where the proper balance lies. One scholar identified the conflicting interests as the public right and the private property interest. At this time the author advocates leaning toward the public right of access, believing that the private right is inordinately represented in the legislation due to special interest lobbying. See, Christina Bohannon, *Reclaiming Copyright*, 23 CARDOZO ARTS & ENT. L.J. 567 (2006).

⁹ John Tehranian, *Copyright Liability After Grokster*, CALIFORNIA LAWYER 37 November 2005.

¹⁰ A common plaintiff in copyright infringement actions is the Recording Industry Association of America (RIAA), a group of record companies who have banded together to enforce their copyrights in their musicians' works. See eg., *In re Aimster Copyright Litigation*, 334 F.3d 643, 645 (7th Cir. 2003) ("Owners of copyrighted music filed a number of closely related suits....The numerous plaintiffs, who among them appear to own most subsisting copyrights on American popular music....")

¹¹ See *BMG Music v. Cecilia Gonzalez*, 430 F.3d 888 (7th Cir. 2005) and *Interscope Records v. Lindsey Duty*, 2006 U.S. Dist. LEXIS 20214 (D. Ariz 2006) Says "Not for publication."

¹² *Grokster* at 2789. Justice Breyer lists types of works available on a P2P network that are noninfringing: authorized copies of music, free electronic books, public domain and authorized software, licensed music videos and television and movie segments.

¹³ 222 U.S. 55, 56 L. Ed. 92, 32 S. Ct. 20 (1911).

¹⁴ 222 U.S. 55, 62, 56 L. Ed. 92, 32 S. Ct. 20 (1911).

¹⁵ 222 U.S. 55, 62, 56 L. Ed. 92, 32 S. Ct. 20 (1911).

¹⁶ Id.

¹⁷ 464 U.S. 417, 78 L. Ed.2d 574, 104 S. Ct. 774 (1984).

¹⁸ *Sony* at 787-88. The Court seemed to find contributory infringement is a subspecies of the broader area of vicarious liability. But caselaw has now bifurcated the doctrines and the requirements for each are unique, although they overlap.

¹⁹ Id. at 788.

²⁰ *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (CA9 2001).

²¹ Id. at 1020-1022. "We agree that if a computer system operator learns of specific infringing material available on his system and fails to purge such material from the system, the operator knows of and contributes to direct infringement." Id. at 1021. "We agree that Napster provides 'the site and facilities' for direct infringement....Napster materially contributes to direct infringement." Id. at 1022.

²² Id. at 1022-1024. On the direct financial benefit requirement: "Ample evidence supports the district court's finding that Napster's future revenue...." Id. at 1023. On the right to supervise requirement: "'Napster has an express reservation of rights policy.... To escape imposition of vicarious liability, the reserved right to police must be exercised to its fullest extent.'" Id. at 1023.

²³ *Grokster*, 125 S. Ct. at 2772.

²⁴ *In re Aimster Copyright Litigation*, 334 F.3d 643 (7th Cir. 2003). In describing P2P file sharing systems, Judge Posner said, "Its function is similar to that of a stock exchange, which is a facility for matching offers rather than a repository of the things being exchanged...." Id. at 647. He acknowledged that an "Internet file-sharing system...might be created for innocuous purposes such as the expeditious exchange of confidential business data among employees of a business firm." Id. But when deciding how much noninfringing use must be made under *Sony*, Judge Posner differed from the Ninth Circuit. He did not disagree with the result of *Napster* as he disagreed with the result of *Grokster*. He did disagree with the reasoning in both cases. *Sony* provided a machine through sales. It had no control over the use of the machine once sold. Internet providers sell a service and do have ability to control the uses of the service through monitoring and maintenance. Id. at 648. Judge Posner thought that there is no need for the P2P provider to actually know of specific infringing uses to liable for contributory copyright infringement. Id.

²⁵ Id. at 649. "...[W]hen a supplier is offering a product or service that has noninfringing as well as infringing uses, some estimate of the respective magnitudes of these uses is necessary for a finding of contributory infringement."

²⁶ But see *Kalem*, 222 U.S. 55, 62. "In some cases where an ordinary article of commerce is sold nice questions may arise as to the point at which the seller becomes an accomplice in a subsequent illegal use by the buyer."

²⁷ *Aimster* at 648. "We therefore agree with Professor Goldstein that the Ninth Circuit erred in *A&M Records, Inc. v. Napster, Inc.* in suggesting that actual knowledge of specific infringing uses is a sufficient condition for deeming a facilitator a contributory infringer." 2 Paul Goldstein, *Copyright*, sect. 6.1.2, p. 6:12-1 (2d ed. 2003).

²⁸ *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 380 F.3d 1154, 1162 (9th Cir. 2004). This interpretation of *Sony*'s staple article of commerce doctrine became the point of discord in the Seventh Circuit and then in the Supreme Court.

²⁹ *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 380 F.3d 1154 (9th Cir. 2004).

³⁰ Id. at 1161-1163. "...[I]f the product at issue is capable of substantial...noninfringing uses, the the copyright owner must demonstrate that the defendant had reasonable knowledge of specific infringing files and failed to act on that knowledge to prevent infringement." Id. at 1161. The Ninth Circuit determined that *Grokster* was certainly capable of substantial noninfringing uses. Id. So, "the Copyright Owners were required to show that the Software Distributors had reasonable knowledge of specific infringement...." Id. at 1162. The defendants did not have control over infringing files, so could not know about specific infringing uses at the time that the uses could be stopped. Id. at 1163.

³¹ Id. at 1164-1166. Two of the elements for vicarious infringement were not disputed: direct infringement and direct financial benefit from advertising revenue. But the court determined that the defendant lacked the right and ability to supervise the activity. Id. at 1166.

³² *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. ___, 125 S. Ct. 2764, 2764, 162 L. Ed. 2d 781 (2005)

³³ *Grokster*, 125 S. Ct. at 2773. "StreamCast monitored both the number of users downloading its OpenNap program and the number of music files they downloaded. ... Internal company documents indicate that StreamCast hoped to attract large numbers of former Napster users if that company was shut down by court order or otherwise, and that StreamCast planned to be the next Napster. ...[I]t introduced itself to some potential advertisers as a company 'which is similar to what Napster was.'" This intentional advertising to induce infringement by others was also present in *Kalem Co. v. Harper Brothers*, 222 U.S. 55, 62-63, 56 L. Ed. 92, 32 S. Ct. 20 (1911). Under those circumstances, Justice Holmes found contributory copyright infringement.

³⁴ *Grokster*, 125 S. Ct. at 2770.

³⁵ Id. at 2770.

³⁶ Id. at 2770.

³⁷ Id. at 2774.

³⁸ Id. at 2776.

³⁹ Id. at 2776. The inducement theory is based on secondary liability also. It is inducing another to infringe rather than directly infringing oneself. Here the Supreme Court just went one step farther and said if you cannot prevail against the defendant under vicarious or contributory due to *Sony's* staple article of commerce doctrine, pursue the defendant for indirect liability under vicarious or contributory infringement due to the inducement theory.

⁴⁰ The Supreme Court uses the term "secondary liability" where I use the term "indirect liability."

⁴¹ Id. at 2776.

⁴² Id. at 2778.

⁴³ John Tehranian, *Copyright Liability After Grokster*, CALIFORNIA LAWYER 38 November 2005.

⁴⁴ *Grokster*, 125 S. Ct. at 2783.

⁴⁵ Id.

⁴⁶ Id.

⁴⁷ *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001).

⁴⁸ *Grokster*, 125 S. Ct. at 2784. This is a misstatement of what J. Ginsburg said. She did not say that *Napster* held the above, but that the *Grokster* decision holding that and that it arose from *Napster's* reasoning. The result in *Napster* was liability for contributory and vicarious copyright infringement. That is because the Ninth Circuit found that the company did have reasonable knowledge of specific infringing uses because it had to receive the requests for files to be copied and had to send those requests on to the group of users. Since *Grokster* and *Streamcast* had no central server for receiving and sending requests, they would not be presumed to have knowledge of specific infringing files. Their operation of the website was totally passive. See also, *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001) J. Ginsburg said the Ninth Circuit requires evidence of specific infringing acts and contrasted this with *In re Aimster Copyright Litigation*, 334 F.3d 643, 645-646 (7th Cir. 2003) (if product widely used to infringe, then go against producer of product for secondary liability, without consideration of knowledge of specific infringing uses).

⁴⁹ *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 78 L. Ed.2d 574, 104 S. Ct. 774 (1984).

⁵⁰ *Grokster*, 125 S. Ct. at 2786. This is how Justice Ginsburg distinguished the two cases, *Grokster* and *Sony*. She found that the Ninth Circuit misinterpreted *Sony's* holding. Unfortunately, the Ninth Circuit applied *Sony's* literal language.

⁵¹ Id.

⁵² Id. at 2787.

⁵³ Id.

⁵⁴ Id. "The Court's opinion in *Sony* and the record evidence (as described and analyzed in the many briefs before us) together convince me that the Court of Appeals' conclusion has adequate legal support." J. Breyer also relied on *Sony's* literal language. He went farther than the Ninth Circuit by indicating that indeed *Sony's* public interest policy is good copyright policy.

⁵⁵ Id.

⁵⁶ Id.

⁵⁷ Id. at 2788.

⁵⁸ Id. "When measured against *Sony's* underlying evidence and analysis, the evidence now before us shows that *Grokster* passes *Sony's* test -- that is, whether the company's product is capable of substantial or commercially significant noninfringing uses." Id. He noted that *Grokster* is factually similar to *Sony* item by item and even better in showing noninfringing uses: "The nature of these and other lawfully swapped files is such that it is reasonable to infer quantities of current lawful use roughly approximate to those at issue in *Sony*." Id. at 2789. "To be sure, in quantitative terms these uses account for only a small percentage of the total number of uses of *Grokster's* product. But the same was true in *Sony*, which characterized the relatively limited authorized copying market as 'substantial.'" Id. "Importantly, *Sony* also used the word 'capable,' asking whether the product is 'capable of' substantial noninfringing uses." Id.

⁵⁹ Id. at 2790.

Such legitimate noninfringing uses are coming to include the swapping of: research information (the initial purpose of many peer-to-peer networks); public domain films (e.g., those owned by the Prelinger Archive); historical recordings and digital educational materials (e.g., those stored on the Internet Archive); digital photos (OurPictures, for example, is starting a P2P photo-swapping service); "shareware" and "freeware" (e.g., Linux and certain Windows software); secure licensed music and movie files (intent MediaWorks, for example, protects licensed content sent across P2P networks); news broadcasts past and present (the BBC Creative Archive lets users "rip, mix and share the BBC"); user-created audio and video files (including "podcasts" that may be distributed through P2P software); and all manner of free "open-content" works collected by Creative Commons (one can search for Creative Commons material on StreamCast).

⁶⁰ Id.

⁶¹ Id. at 2791. "Sony's rule is strongly technology protecting....Thus Sony's rule shelters VCRs, typewriters, tape recorders, photocopiers, computers, cassette players, compact disc burners, digital video recorders, MP3 players, Internet search

engines, and peer-to-peer software. But *Sony's* rule does shelter descramblers, even if one could theoretically use a descrambler in a noninfringing way....Given the nature of the *Sony* rule, it is not surprising that in the last 20 years, there have been relatively few contributory infringement suits -- based on a product distribution theory -- brought against technology providers...." In summary, J. Breyer concluded that *Sony* has achieved its "innovation protecting objective."

⁶² Id.

⁶³ Id. at 2793.

⁶⁴ Id.

⁶⁵ One case seemed to cite the Ninth Circuit *Grokster* opinion, although it had been vacated by the Supreme Court. See *In re: Charter Communications, Inc.*, 393 F.3d 771 (8th Cir. 2005). It cited *Grokster* in its dissenting opinion for the proposition that copyright holders cannot recover from the designers of file trading software. The dissent cited the Ninth Circuit opinion, which was vacated by the Supreme Court. So this case effectively does not amount to a *Grokster* citation. The issue in the case was "...whether the DMCA permits copyright owners...to obtain...personal information about an ISP's subscribers who are alleged to be transmitting copyrighted works via...'P2P' file sharing computer programs." Id. at 772-73.

⁶⁶ See *BMG Music v. Cecilia Gonzalez*, 430 F.3d 888 (7th Cir.(2005). In the case an individual who supposedly downloaded music from an online P2P file sharing service was found liable for direct copyright infringement. *Grokster* was cited for Court disagreeing that try before you buy is a good marketing method. See also, *Interscope Records v. Lindsey Duty*, 2006 U.S. Dist. LEXIS 20214 (D. Ariz. 2006). In the case, the court cited *Grokster* for a general statement on P2P networks. The case involved direct copyright infringement by an individual who downloaded and stored copyrighted music from a P2P network. The *Grokster* holding was not mentioned.

⁶⁷ See, *Golden Blount, Inc. v. Robert H. Peterson Co.*, 438 F.3d 1354, 1365 (Fed. Cir. 2006) (Quoting *Grokster* at 2779-83); *MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corporation*, 420 F.3d 1369, 1379 (Fed.Cir. 2005) (quoting *Grokster* at 162 L.Ed.2d at 800: "Evidence of active steps taken to encourage direct infringement, such as advertising an infringing use or instructing how to engage in an infringing use, show an affirmative intent that the product be used to infringe."); and *Aventis v. Barr Laboratories, Inc.*, 411 F. Supp. 2d 490, 517 (D.N.J. 2006) ("in *Grokster*, the Supreme Court took a broad view of what acts may induce infringement...The Court used broad language in stating that the 'inducement rule' requires 'affirmative steps taken to foster infringement.'"). In *Golden Blount, Inc. v. Robert H. Peterson Co.*, the circuit court considered contributory infringement for a patent infringement case. It cites *Grokster* and *MEMC Elec. Materials* for the "holding 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." In *MEMC Electronic Materials, Inc. v. Mitsubishi Materials Silicon Corporation*, the circuit court cited *Grokster* in a patent infringement case for the explanation of what would constitute active inducement of patent infringement. Recall that the inducement concept is codified in the patent statute. In *Aventis v. Barr Laboratories, Inc.*, the court used *Grokster* in a patent infringement case, saying the Supreme Court noted the similarity between inducement in both copyright and patent law. It said the Court had taken a broad view of what constitutes infringement. The district court's explanation of *Grokster's* applicability may be prescient. "Although ...*Grokster* was not a patent case, the Supreme Court noted the similarities between inducement of infringement in copyright and patent law, and the Federal Circuit has cited it approvingly for its guidance on inducing infringement: 'evidence of active steps taken to encourage direct infringement, such as advertising an infringing use or instructing how to engage in an infringing use, show an affirmative intent that the product be used to infringe.'" *Aventis*, 411 F. Supp. 2d at 516.

⁶⁸ *Terry Newborn v. Yahoo, Inc.*, 391 F. Supp. 2d 181 (D.D.C. 2005).

⁶⁹ Id. at 185 (D.D.C. 2005).

⁷⁰ *Perfect 10 v. Google, Inc.*, 2006 U.S. Dist LEXIS 6664 (C.D. CA 2006).

⁷¹ Id. at 75-76 (C.D. CA 2006).

⁷² *Monotype Imaging, Inc. v. Bitstream Inc.*, 376 F. Supp. 2d 877 (N.D. Ill. 2005).

⁷³ Id. at 884 (N.D. Ill. 2005).

⁷⁴ *Contessa Food Products, Inc. v. Lockpur Fish Processing Co. Ltd.*, 123 Fed. Appx. 747 (9th Cir. 2005).

⁷⁵ *AMC Technology, L.L.C. v. SAP AG, SAP America, Inc.*, 2005 U.S. Dist. LEXIS 27095 (DC ED Pa 2005).

⁷⁶ Id. at 16.

⁷⁷ *Arista Records, Inc. v. Flea World, Inc.*, 2006 U.S. Dist. LEXIS 14988 (D.N.J. 2006).

⁷⁸ *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (9th Cir. 1996).

⁷⁹ This is the precarious balance that the Supreme Court ultimately maintains and readdresses every time a new technology causes the courts to decide where the proper balance lies. One scholar identified the conflicting interests as the public right and the private property interest. At this time the author advocates leaning toward the public right of access, believing that the private right is inordinately represented in the legislation due to special interest lobbying. See, Christina Bohannon, *Reclaiming Copyright*, 23 CARDOZO ARTS & ENT. L.J. 567 (2006).

⁷⁹ *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001) J. Ginsburg said the Ninth Circuit requires evidence of specific infringing acts and contrasted this with *In re Aimster Copyright Litigation*, 334 F.3d 643, 645-646 (7th Cir. 2003)

(for proposition that if product widely used to infringe, then go against producer of product for secondary liability). J. Breyer saw *Sony* and the Ninth Circuit's decision in *Grokster* differently. "When measured against *Sony*'s underlying evidence and analysis, the evidence now before us shows that *Grokster* passes *Sony*'s test -- that is, whether the company's product is capable of substantial or commercially significant noninfringing uses." *Grokster*, 125 S. Ct. at 2789. He noted that *Grokster* is factually similar to *Sony* item by item and even better in showing noninfringing uses: "The nature of these and other lawfully swapped files is such that it is reasonable to infer quantities of current lawful use roughly approximate to those at issue in *Sony*." *Id.* "To be sure, in quantitative terms these uses account for only a small percentage of the total number of uses of *Grokster*'s product. But the same was true in *Sony*, which characterized the relatively limited authorized copying market as 'substantial.'" *Id.* "Importantly, *Sony* also used the word 'capable,' asking whether the product is 'capable of substantial noninfringing uses.'" *Id.*

⁸⁰ *Grokster*, 125 S. Ct. at 2784. Justice Ginsburg's opinion runs from page 2783 to page 2787. It is shorter than J. Breyer's concurring opinion. The opinion actually calls for the Ninth Circuit to reread *Sony* to be consistent with the Justice Ginsburg opinion.

⁸¹ *Id.* at 2786. Justice Breyer's opinion runs from page 2787 to page 2796.

⁸² *Id.*

⁸³ *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 380 F.3d 1154 (9th Cir. 2004); *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 259 F. Supp. 2d 1029 (C.D. Cal. 2003).

⁸⁴ See generally, John Tehranian, *Copyright After Grokster*, CALIFORNIA LAWYER 39 November 2005.