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Judge Says Morpheus, Grokster Aren't Liable for Music Piracy

Associated Press

LOS ANGELES -- A federal judge ruled Friday that the companies behind two popular file-sharing services aren't liable for the illegal copying of music and movies by those who use their service.

The 34-page ruling by U.S. District Court Judge Stephen Wilson was a blow to record companies and movie studios who seek to stem the illegal copying and distribution of their copyright works and a welcome decision for the two file-sharing services, Grokster Ltd. and StreamCast Networks Inc., which distributes the Morpheus peer-to-peer software.

The decision, if it survives appeal, essentially absolves Grokster and Morpheus of liability in the lawsuit brought against them and Kazaa BV, which is owned by Sharman Networks Ltd.

The ruling doesn't apply to Kazaa because it didn't join the request for a summary judgment. A hearing is scheduled Monday on Sharman's counterclaims accusing the entertainment companies of antitrust violations.

Sharman applauded Judge Wilson's decision. "Our legal team is currently evaluating the ruling's significance," the company said in a prepared statement.

Judge Wilson ruled in response to motions seeking summary judgment.

In his ruling, the judge cited a 1984 case in which the movie industry sued **Sony Corp.**, arguing Sony was liable for the use of its video cassette recorders to make illegal copies of copyright works. Courts in that case sided with Sony and ruled that the sale of copying equipment didn't constitute on its own copyright infringement.

Wilson concluded that there was no admissible evidence that indicated Grokster and Morpheus have the ability to supervise and control the use of their service to make illegal copies of movies and music.

Unlike Napster, Grokster and Morpheus only provide software and assistance using the software to users. Napster actually hosted users' files on its server. "It's a vindication. We are not pirates," said Wayne Rosso, president of Grokster, which is based in Nevis, West Indies. "This is teaching the record companies and the movie companies a lesson. ... They need to rethink their business

See [the full text](#)¹ of Judge Wilson's decision in the Morpheus case, by arrangement with FindLaw (www.findlaw.com)²

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model."

An attorney representing several recording companies in the case declined to comment on the ruling. A spokeswoman for the Recording Industry Association of America said the organization was reviewing the decision and intends to appeal.

Friday's decision followed a string of legal victories by the entertainment industry, including the closure of Napster, in its battle against file-swapping services. The industry has blamed these services for a global decline in music sales. On Thursday, a federal judge rejected an attempt by **Verizon Communications Inc.** to avoid turning over the names of two Internet subscribers suspected of illegally offering free music for downloading.

The entertainment companies, which had launched the lawsuit in October 2001, were disappointed by Friday's ruling.

"Businesses that intentionally facilitate massive piracy should not be able to evade responsibility for their actions," said Hilary Rosen, chairman and CEO of the Recording Industry Association of America.

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