

Case No. 02-4125

**In the
United States Court of Appeals
for the Seventh Circuit**

IN RE: AIMSTER COPYRIGHT LITIGATION

**On Appeal from the United States District Court
For the Northern District of Illinois, Eastern Division**

**Case No. 01-C-8933
The Honorable Marvin E. Aspen**

**AMICUS CURIAE BRIEF OF
STREAMCAST NETWORKS, GROKSTER LTD.,
ELECTRONIC FRONTIER FOUNDATION, PUBLIC
KNOWLEDGE, THE COMPUTER & COMMUNICATIONS
INDUSTRY ASSOCIATION, THE AMERICAN ASSOCIATION
OF LAW LIBRARIES, THE AMERICAN LIBRARY
ASSOCIATION, THE ASSOCIATION OF RESEARCH
LIBRARIES, DIGITAL FUTURE COALITION,
NETCOALITION, THE MUSIC LIBRARY ASSOCIATION,
THE HOME RECORDING RIGHTS COALITION, and
CONSUMER ELECTRONICS ASSOCIATION**

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I. SUMMARY OF ARGUMENT

The central legal issue presented by this case is one that concerns technologists of every stripe: when will a technology vendor be held responsible for the copyright infringements of third parties who use its products? As the Supreme Court recognized in its landmark ruling in *Sony Corp. of America v. Universal Studios, Inc.*, 464 U.S. 417 (1984), the answer to this question effectively marks the boundary between a copyright owner’s statutory monopoly, on the one hand, and the free market in innovative high technology products, on the other. In the *Sony* case, the Court adopted a clear, bright line rule that has served both the copyright and technology sectors well for nearly two decades: so long as a technology is capable of substantial noninfringing uses, its creation or distribution cannot be the basis for holding a technologist liable for the misdeeds of third parties.

Plaintiffs-Appellees (Plaintiffs), however, now ask this Court to find five “exceptions” to the *Sony* doctrine—“exceptions” which would effectively render *Sony* a nullity. Not one of these five “exceptions” can be found in the *Sony* opinion. Not one of these five “exceptions” is consistent with the *Sony* opinion. Not one of these five exceptions is necessary for this Court to either reverse or affirm the opinion below. And, most tellingly, most or all of Plaintiffs’ five “exceptions” would have dictated a contrary result in the *Sony* case itself.

The Amici represent a wide array of technologists, from individual tinkerers to small software companies to leading consumer electronics, telecommunication and computer industry titans, and users of technology, such as individual consumers and libraries. All depend on a consistent and proper judicial application of the well-established principles of secondary copyright liability announced in *Sony*.

Amici take no position on the ultimate disposition of this appeal. Rather, in order to affirm the importance and continuing vitality of the contributory copyright infringement principles laid down by the Supreme Court in the *Sony* decision, Amici urge

this Court to reject Plaintiffs’ attempts to rewrite *Sony* beyond recognition, and instead to decide this appeal based on the *Sony* opinion the Supreme Court actually wrote.

On appeal, Plaintiffs have urged this Court to adopt the same erroneous reasoning they successfully pressed upon the district court and to dispense with any *Sony* analysis. Were this Court to follow the same path, it would not only stray from the clear commandments set out by the Supreme Court in *Sony* but would also create a conflict between itself and the Ninth Circuit, whose decision in the *Napster* case applied *Sony* to determine whether the technology used for Internet file-sharing in that case amounted to contributory infringement. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1020-21 (9th Cir. 2001). Even more importantly, it would disrupt innovation and economic progress by upsetting two decades of settled legal expectations in the technology sector.

Fortunately, in a very recent decision issued after the completion of briefing in this case and not cited to this Court by any party (so far as we can determine), the United States District Court for the Central District of California has issued a partial summary judgment ruling that illustrates the on-going vitality and proper application of the *Sony* staple-article-of-commerce doctrine. *Metro-Goldwyn-Mayer Studios v. Grokster*, ___ F.Supp.2d ___, No. CV 01-08541, 2003 U.S. Dist. LEXIS 6994 (C.D. Cal., April 25, 2003).¹ The *MGM v. Grokster* litigation is plainly relevant to this Court’s consideration of the instant appeal—both cases involve “file-sharing” software, include an overlapping set of plaintiffs, and turn on the application of the same controlling questions of law. In arriving at its ruling, moreover, the *MGM v. Grokster* court rejected the analysis adopted by the district court in this case and now proffered to this Court by Plaintiffs.

Amici respectfully urge this Court to disapprove of the district court’s and Plaintiffs’ reckless revision of the legal principles announced in the *Sony* decision, endorse the better view elucidated in the recent *MGM v. Grokster* ruling, and apply the

¹ The parties to that case included many of the plaintiffs here as well as certain of the amici.

legal standards set forth in those precedents to the facts presented by this appeal.

II. INTEREST OF AMICI

The Electronic Frontier Foundation (EFF) is a membership-supported nonprofit group devoted to protecting free expression and civil liberties in the digital age. Among the interests EFF represents are those of individual hobbyists and technologists whose freedom to innovate can be stifled by overbroad application of copyright laws. As part of its mission to ensure consistent and balanced application of secondary copyright infringement principles to technologists, EFF has served as pro bono counsel to Streamcast Networks, Inc. in the *MGM v. Grokster* litigation since October 2001.

StreamCast Networks, Inc., is the creator, owner or licensee of the Morpheus software product, and is a leading global communications technology company that continues to revolutionize Internet digital media distribution and communications by way of a unique software-driven solution that enables users to communicate with one another efficiently on a decentralized network. The Morpheus software product allows users to connect together on a decentralized basis with other users of the Morpheus software as well as other decentralized peer-to-peer technologies to form a decentralized user network. Streamcast is one of the defendants involved in the *MGM v. Grokster* litigation.

Grokster, Ltd. distributes the Grokster file sharing product, which allows seamless, decentralized exchange of any form of information across the internet. Grokster provides a virtually cost-free solution for the distribution of works by thousands of independent musicians and artists, who otherwise would be unable to reach a worldwide audience. Grokster is one of the defendants involved in *MGM v. Grokster* litigation.

Public Knowledge is a Washington, D.C. based public-interest advocacy and research organization dedicated to fortifying and defending a vibrant “information commons” – the shared information resources and cultural assets that we own as a people. It works with diverse creators, consumers, civic groups, and enlightened

businesses to ensure that public access, creativity, and competition are embodied in the digital age. One of its core goals is to ensure that intellectual property law and policy reflect the cultural bargain intended by the framers of the Constitution: providing an incentive to creators and innovators while benefiting the public through the free flow of information and ideas.

The Computer & Communications Industry Association ("CCIA") is a trade association that has represented computer technology and telecommunications companies for nearly 30 years. CCIA's member companies, listed on the association's website at www.ccianet.org/membership.php3, range from small start-ups to global leaders that operate in all aspects of the high-tech economy. CCIA's members include computer and communications companies, equipment manufacturers, software developers, service providers, resellers, integrators and financial services companies.

The American Association of Law Libraries (AALL) is a nonprofit educational organization with 5,000 members dedicated to providing leadership and advocacy in the field of legal information and information policy.

The American Library Association (ALA), the oldest and largest library association in the world, is a nonprofit organization of over 64,000 librarians, library trustees, and other friends of libraries dedicated to the development, promotion, and improvement of library and information services to enhance learning and ensure access to information for all.

The Association of Research Libraries (ARL) is a nonprofit organization of 124 research libraries in North America. ARL programs and services promote equitable access to and effective use of recorded knowledge in support of teaching, research, scholarship and community service.

Digital Future Coalition (DFC) is committed to striking an appropriate balance in law and public policy between protecting intellectual property and affording public access to it. The DFC is the result of a unique collaboration of many of the nation's

leading non-profit educational, scholarly, library, and consumer groups, together with major commercial trade associations representing leaders in the consumer electronics, telecommunications, computer, and network access industries. Since its inception in 1995, the DFC has played a major role in the ongoing debate regarding the appropriate application of intellectual property law to the emerging digital network environment.

NetCoalition serves as the public policy voice for some of the world's most innovative Internet companies on the key legislative and administrative proposals affecting the online world. NetCoalition provides creative and effective solutions to the critical legal and technological issues facing the Internet. By enabling industry leaders, policymakers, and the public engage directly, NetCoalition has helped ensure the integrity, usefulness, and continued expansion of this dynamic new medium.

The Music Library Association is the professional organization in the United States devoted to music librarianship and to all aspects of music materials in libraries. Founded in 1931, MLA provides a forum for study and action on issues that affect music libraries and their users. MLA and its members make significant contributions to librarianship, publishing, standards and scholarship, and the development of new information technologies. In the forefront of contemporary librarianship, MLA assures that users of music materials will be well served by their libraries.

The Home Recording Rights Coalition, founded in 1981, is a leading advocacy group for consumers' rights to use home electronics products for private, non-commercial purposes. The members of HRRC include consumers, retailers, manufacturers and professional servicers of consumer electronics products.

The Consumer Electronics Association (CEA) represents more than 1,000 corporate members involved in the design, development, manufacturing, distribution and integration of audio, video, mobile electronics, wireless and landline communications, information technology, home networking, multimedia and accessory products, as well as related services that are sold through consumer channels. Combined, CEA's members

account for more than \$85 billion in annual sales. CEA's resources are available online at *www.CE.org*, the definitive source for information about the consumer electronics industry. CEA also sponsors and manages the International CES - Defining Technology's Future.

Amici are united in their strong interest in the consistent and proper interpretation of the staple article of commerce doctrine announced in the *Sony* case. Amici, as well as other technology innovators and users of technology, all depend on the “rules of the road” created by the contributory infringement principles established in the *Sony* decision in order to continue to develop innovative technologies that ultimately benefit consumers and copyright holders alike. In particular, without the protection of *Sony*, the development and distribution of new technologies, particularly by young, small, and vulnerable companies, would be easily stifled. *Sony* protects the important societal interest in encouraging the rapid and unfettered development of new, multi-use technologies free from the chilling effect that would otherwise arise from punishing the technology vendors for the misdeeds of third parties who use their products.

III. ARGUMENT

A. Heeding the Teaching Of Sony, Courts Must Exercise Caution When Asked To Extend Secondary Liability Principles To Encompass New Technologies.

Any discussion of the proper application of secondary copyright liability principles to technology vendors begins with the recognition that the Copyright Act contains no express provisions imposing contributory infringement or any other form of secondary liability. *See Sony*, 464 U.S. at 434. Because contributory infringement is an entirely judge-made “nonstatutory tort,” *see Sony*, 464 U.S. at 428, courts have properly been reluctant to expand the reach of these doctrines, lest they become a form of extra-legislative technology regulation.

Finding the proper balance between innovation and the need to protect copyright owners is a task best left to Congress.

“The judiciary’s reluctance to expand the protections afforded by the copyright without explicit legislative guidance is a recurring theme. Sound policy, as well as history, supports our consistent deference to Congress when major technological innovations alter the market for copyrighted materials. 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.”

Id. (citations omitted); *accord MGM v. Grokster*, 2003 WL 1989129 at *16 (observing that courts must “tread lightly” when invited to expand copyright’s secondary liability principles to reach new technologies).

In *Sony*, the Supreme Court undertook the task of establishing the controlling principles of the doctrine of contributory infringement against this background of judicial restraint and deference to Congress. Most notably, it emphatically rejected the assertion that merely “supplying the ‘means’ to accomplish an infringing activity” is sufficient to establish liability for the infringements of another. *Sony*, 464 U.S. at 436. As the Court recognized, to impose secondary liability that expansively would permit a single copyright holder to hold entire new industries hostage and to veto important technological innovations, a result that would be both unfair and economically inefficient. *Id.* at 421, 440-42, 446.

To forestall this possibility, the high court imported the “staple article of commerce” doctrine from patent law, holding that a technology vendor will not be held contributorily liable for distributing a technology so long as a technology is “merely ... *capable* of substantial noninfringing uses.” *Id.* at 442 (emphasis added). The rule applies even if, as was the case in *Sony*, the technology is also capable of being, and in fact is being, used by the public for infringing purposes as well. A single noninfringing use is sufficient to establish that a technology is a staple article of commerce. *See Vault Corp. v. Quaid Software, Ltd.*, 847 F.2d 255 (5th Cir. 1988).

Sony’s staple-article-of-commerce analysis looks not only to the present uses of the technology but to its potential uses in the future as well: “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 machine and determine whether or not they would constitute infringement. ... [f]or one potential use of the Betamax plainly satisfies this standard” *Sony*, 464 U.S. at 442 (emphasis original); *see also id.* at 444 (relying on “a significant *potential* for future authorized copying” in determining that a substantial noninfringing use existed (emphasis added)); *MGM v. Grokster*, 2003 WL 1989129 at *5.

Thus, in evaluating a contributory copyright infringement claim against a technology provider, it is the Supreme Court’s *Sony* opinion that controls the analysis. Innovators of all stripes have come to depend on *Sony* for the principle that a manufacturer or distributor of a mass-market technology capable of substantial noninfringing uses may not be subjected to liability for distributing the technology to the general public so long as the technology is potentially capable of substantial noninfringing use. *See Sony*, 464 U.S. at 442.

Sony has stood the test of time and has met with widespread approval by courts and commentators alike. Its on-going vitality has recently been demonstrated with respect to Internet technologies in both *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001), and the recent *MGM v. Grokster* ruling, 2003 WL 1989129 at *5-7.

B. Plaintiffs Misinterpret the Relevant Knowledge Showing that Must be Met in Order to Overcome the Staple Article of Commerce Doctrine.

Plaintiffs urge this Court to hold that where a defendant “knew or had reason to know of [his] users’ infringement of plaintiffs’ copyrights, the *Sony-Betamax* defense fails.” Pl. Opp. at 23. This is not the teaching of *Sony* or its descendants.

Where a technology capable of substantial noninfringing uses is concerned, contributory infringement liability requires the conjunction of both specific knowledge and a capacity to act on such knowledge. *See MGM v. Grokster*, 2003 WL 1989129 at *6-7; *Fonovisa, Inc. v. Napster, Inc.*, 2002 WL 398676 at *7 (N.D. Cal. 2002) (“This combination of knowledge and failure to act trumped *Sony-Betamax* concerns.”). Both

the leading precedents and common sense make this plain.

The fundamental teaching of *Sony* is that generalized knowledge of infringing uses cannot satisfy the knowledge requirement for contributory infringement where a technology is also capable of substantial noninfringing uses. *See Sony*, 464 U.S. at 439 (finding no precedent to support liability against Sony based “on the fact that they have sold equipment with constructive knowledge of the fact that its customers may use that equipment to make unauthorized copies of copyrighted material.”); *see also Napster*, 239 F.3d at 1020 (citing *Sony* as rejecting the proposition that “merely supplying the means to accomplish an infringing activity leads to imposition of liability”); *Vault*, 847 F.2d at 262. (software vendor had “actual knowledge that its product is used to make unauthorized copies of copyrighted material”).

Indeed, Sony knew that its Betamaxes were being used for infringement by at least some of its customers, as does every vendor of VCRs, audio cassette recorders, personal computers, broadband internet service, and photocopiers. Sony’s own executives admitted during the *Sony* proceedings that they knew that the main use of the Betamax would be for allegedly infringing activities. *See Universal City Studios, Inc. v. Sony*, 480 F. Supp. 429, 459 (D.C. Cal. 1979). If general knowledge, absent the capacity to act, were sufficient for imposition of contributory liability, then Sony would today be liable for the infringing uses of VCRs by consumers, and Xerox and Kodak would be liable for the infringing activities at every copy shop in America.

The rule urged by Plaintiffs would create a bizarre form of “springing” copyright liability that would turn *Sony* on its head and imperil innovators generally. On Plaintiffs’ view, movie studios could today gather evidence of copyright infringement by owners of Sony VCRs, deliver this information to Sony, and then re-file a contributory infringement action based on the “actual knowledge” thereby manufactured. For that matter, any copyright owner could gather evidence of infringement by the users of any software or device, deliver “notice” of such infringement to the technology vendor, and thus conjure

contributory infringement liability weeks, months, or years after the device or software had left the hands of the technology vendor. It was precisely this intrusion of judge-made secondary liability principles into the realm of commerce that the Supreme Court meant to foreclose in *Sony*.

The Ninth Circuit's *Napster* opinion further supports the view that general knowledge of infringing conduct is insufficient. The court expressly conditioned contributory liability on the conjunction of *specific knowledge* and *a capacity to act*: “Napster has *actual* knowledge that *specific* infringing material is available using its system, that it could block access to the system by suppliers of the infringing material, and that it failed to remove the material.” *Napster*, 239 F.3d at 1022 (emphasis in original).

The court in *MGM v. Grokster*, rejecting the very same knowledge arguments made by the plaintiffs before this Court, adopted the better view: “[I]n order to be liable under a theory of contributory infringement, [defendants] must have actual knowledge of infringement *at a time when they can use that knowledge* to stop the particular infringement.” *MGM v. Grokster*, 2003 WL 1989129 at *6 (emphasis added). This Court should similarly reject Plaintiffs’ contrary contentions here and take the opportunity to clarify the applicable knowledge standard that applies where the staple article of commerce doctrine is at issue.

C. **The District Court And Plaintiffs’ Efforts to Whittle Away Sony’s Staple Article of Commerce Doctrine Have No Basis In Law.**

In the district court below, Plaintiffs argued, and the district court agreed, that there are five separate exceptions to *Sony*, each of which excused the district court from its duty to apply the *Sony* staple-article-of-commerce analysis to the facts of this case. These exceptions, which Plaintiffs again advance on appeal in this Court, *see* Pl. Opp. at 22-27, are at odds with the teaching of *Sony* and subsequent precedents, threaten to inject considerable uncertainty into the legal landscape through which technology innovators

must navigate, and will create a circuit conflict with the Ninth Circuit if adopted by this Court. The district court in *MGM v. Grokster*, in contrast, rejected each of plaintiffs proposed exceptions and provides a model for the proper application of the staple article of commerce doctrine to new Internet technologies.

First, Plaintiffs argue that “the *Sony-Betamax* defense is inapplicable because the *primary* use of the Aimster system . . . is infringement.” Pl. Opp. at 24 (emphasis original). Whether or not this factual assertion about Aimster’s “primary use” is correct, Plaintiffs have misstated the legal standard.

The *Sony* decision expressly rejects the view that the primary use of the technology at issue must be noninfringing in order to avoid contributory infringement liability. Under *Sony*, the “substantiality” of noninfringing uses is evaluated in light of the *capability* for noninfringing uses, including potential uses not yet realized, not the *proportion* of infringing to noninfringing uses. *Sony*, 464 U.S. at 442 (“merely . . . capable of substantial noninfringing uses”). The latter rule, in fact, is precisely the one that a *minority* of the Supreme Court argued for in the dissenting opinion in *Sony*. *See id.* at 491-92 (dissenting opinion of Blackmun, J.). The *majority* of the Court, in contrast, rejected a proportionality approach in favor of a “capability” standard, holding that a single noninfringing capability of the Betamax—taping programs authorized by copyright owners for recording—qualified as a “substantial” use. *See id.* at 424, 444. The Ninth Circuit likewise emphasized the “capability” standard in its *Napster* ruling, criticizing the district court in that case for its myopic focus on current uses, rather than potential capabilities. *See Napster*, 239 F.3d at 1020-21. The recent *MGM v. Grokster* ruling is in full accord. *See MGM v. Grokster*, 2003 WL 1989129 at *5.

Second, positing a metaphysical distinction between a “product” and a “service,” plaintiffs argue that any “ongoing relationship” between the provider of any technology and the users of the technology amounts to what they characterize as a “service” and renders the *Sony* doctrine inapplicable: “the *Sony-Betamax* decision is limited to

situations where a defendant *manufactures a product or device*—a ‘staple article of commerce’—and ceases any contact with or supervision of its customers at the time of sale.” Pl. Opp. at 25 (emphasis in original). There is no basis for this artificial and unworkable distinction.

As *Sony* makes clear in the passage Plaintiffs rely upon, contributory infringement liability requires more than just the ability to characterize a technology as a “service” rather than a “product” and more than just some amorphous “relationship” between the provider of the technology and those who use it. Instead, what matters is that the “ ‘contributory’ infringer [is] in a position to control the use of copyrighted works by others.” *Sony*, 464 U.S. at 437; *accord Napster*, 239 F.3d at 1021-22 (declining to adopt the “service-device” distinction embraced by the district court).

A moment’s reflection also reveals that this is the only workable rule. The modern world is criss-crossed with “services” that “enable infringement” by making possible the transfer of unauthorized copies of copyrighted works and that involve an ongoing relationship between the provider of the “service” and the user. These range from the use of the mails or Federal Express to send tapes, CDs, and photocopies to the use of telephone and cable television lines to transmit electronic copies of copyrighted works over the Internet. No one would seriously argue, however, that the providers of these communications technologies should be held contributorily liable for every infringement committed by their customers simply by dint of their “on-going relationship.” The relevant question, rather, is whether the defendant obtains actual knowledge of the infringing activity at a time when it could have done something to prevent it.

Additionally, under Plaintiffs’ theory the continuing post-sale contractual relationships and the post-sale contacts between the user and the provider that typically accompany many products would render *Sony* inapplicable—an untenable result. “Staple articles of commerce” such as VCRs commonly come with warranties; they are

commonly leased as well as sold; they commonly are repaired after delivery; and they are commonly registered by their users with the manufacturer. Under Plaintiffs' theory, however, a warranty registration by a Betamax user would have created an "ongoing relationship" that would have led to a contrary result in *Sony*. Nothing in judge-made secondary liability principles should force all technology vendors to sever all ties with their consumers, mandating a business model that leaves them without warranties or customer support.

Third, Plaintiffs assert that the *Sony* staple-article-of-commerce doctrine has no application to anything other than private home copying technologies, and that the doctrine does not reach distribution technologies: "*Sony-Betamax* does not apply to systems that facilitate and enable public *distribution* of multiple copies of copyrighted works." Pl. Opp. at 25 (emphasis in original). There is absolutely no basis in *Sony* for Plaintiffs' assertion.

While on its facts the *Sony* opinion focused on the technology of the VCR, the legal principles it established are far more wide-ranging. Private home copying was relevant in *Sony* only because it happened to be one noninfringing use of the particular technology at issue there. Nothing in either *Sony's* language or its rationale suggests that the Court intended to limit the staple-article-of-commerce doctrine solely to technologies capable *only* of private copying. In fact, VCRs themselves are both a copying and a distribution technology: VCRs record movies and television shows onto *removable* videocassettes that can be, and are, used to distribute the recorded works to others.

Moreover, any such limitation of *Sony* would subject a broad range of communications technologies that can be used to distribute infringing copies to contributory infringement actions by copyright owners. Plaintiffs are inviting this court to rule that by merely connecting a device to a network, the *Sony* standard should not apply to that device. In the networked world of consumer electronics, this would have the effect of extending Plaintiffs' exclusive rights in their copyrights to encompass

communications technologies such as the telephone system, modems, fax machines, personal computer, routers, and the entire infrastructure of the Internet. This is precisely the result the Supreme Court sought to avoid in *Sony*. See *Sony*, 464 U.S. at 441 n.21.

Fourth, Plaintiffs argue that “*Sony-Betamax* does not apply where a defendant specifically designs a system for infringement.” Pl. Opp. at 25. For support, Plaintiffs cite to *A&M Records, Inc. v. Abdallah*, 948 F. Supp. 1449 (C.D. Cal.1996). In that case, the defendant Abdallah had received legitimate recordings from counterfeiters, timed these recordings for them, and manufactured custom cassettes that fit the specific recordings to be counterfeited. The language that Plaintiffs rely on in *Abdallah* is dicta—the district court found (in determining liability existed) that there were no substantial noninfringing uses of the custom-made cassette tapes at issue because of the tapes’ nonstandard lengths, and thus the cassettes were not a staple article of commerce under *Sony*.²

The other cases cited by Plaintiffs to support this assertion are also inapposite. *RCA Records, a Division of RCA Corp. v. All-Fast Systems, Inc.*, 594 F. Supp. 335 (S.D.N.Y. 1984), was a direct infringement action in which the court concluded that a remedial injunction could prohibit both direct infringements by the defendant and also prohibit infringing (but not noninfringing) uses of a tape duplication machine owned and possessed by the defendant but used by patrons who came on to the defendant’s premises. Crucial to this exercise of remedial power was the court’s finding that the defendant exercised “complete control” over the tape machine. *Id.* at 339. In *Compaq Computer Corp. v. Procom Tech., Inc.*, 908 F. Supp. 1409 (S.D. Tex. 1995), the defendant found no

² Moreover, in *Abdallah* the defendant was actively involved in the counterfeiters’ enterprise and directly assisted and *financed* the counterfeiters. See *Abdallah*, 948 F. Supp. at 1457. As a result, the court held Abdallah liable for his conduct and involvement with the counterfeiting enterprise, not for the mere sales of time-loaded cassettes, stating that “even if *Sony* were to exonerate [defendant] for his selling of blank, time-loaded cassettes, this Court would conclude that [defendant] knowingly and materially contributed to the underlying counterfeiting activity.” *Id.*

shelter under the staple article of commerce doctrine because the feature in question had no substantial noninfringing uses.

Fifth, plaintiffs argue that “the *Sony-Betamax* defense does not apply where the defendant ‘influences and encourages’ infringement.” Pl. Opp. at 25. This too is a misreading of *Sony*. As explained above, the staple-article-of-commerce test is an objective one that looks to the functional capabilities of the technology, not a subjective one that peers into the state of mind of those who develop or distribute the technology to the public. For it is the public’s interest in access to new technology that the doctrine protects. *See Sony*, 464 U.S. at 440 (in imposing contributory infringement, “the public interest in access to that article of commerce is necessarily implicated”).

On plaintiffs’ view, the VCR could properly have been banned, its manifest noninfringing uses notwithstanding, if plaintiffs could persuade a fact-finder that Sony’s executives had a subjectively nefarious intent when they decided to develop the technology. Fortunately, it is plain that the Supreme Court did not mean to dangle the public benefits of innovation by such a fragile thread. The test adopted by the Supreme Court turns on the objective capabilities of the technologies being challenged, not on the subjective intent of its developers. In fact, in *Sony* it was undisputed that Sony’s advertising had encourage VCR users to record copyrighted works and build up libraries of those works. *See Universal City Studios v. Sony Corp. of America*, 480 F.Supp. at 436.

Finally, plaintiffs incorrectly assign to defendant the burden of proving that he is not a contributory infringer. *Sony*, however, establishes that it is the plaintiff’s burden to prove the elements of contributory infringement, including proving that the technology in question is incapable of a substantial noninfringing use and thus is not a staple article of commerce: “To prevail, [the plaintiffs] have the burden of proving that users of the Betamax have infringed their copyrights and that Sony should be held responsible for that infringement.” *Sony*, 464 U.S. at 434. And correctly so, for the contributory infringement principles established by *Sony* are not a “defense,” as plaintiff-appellees

would have it, *see* Pl. Opp. at 24, but are the prerequisites for liability that a plaintiff bears the burden of proving, just as the plaintiff always bears the burden of proving the elements of its case. There is no “presumption” of contributory infringement that a technology provider must overcome at its peril.

D. The Same Arguments Made By The Same Plaintiffs To Limit The Application Of Sony Were Rejected Recently In MGM v. Grokster

Although a review of the district court’s recent ruling in *MGM v. Grokster* does not reveal it, the plaintiffs there (a group that includes many of the plaintiffs here), presented the court in that case with a similar litany of arguments purporting to limit the application of *Sony*, and similarly contended that the *Grokster* court could find the defendants liable for contributory infringement without applying the *Sony* analysis. *See MGM v. Grokster*, No. CV 01-08541(C.D. Cal.), Plaintiffs Mot. For Summary Judgment and Mem. In Support, filed Sept. 9, 2002, at 44-50 (reciting a litany of “exceptions” to the staple article of commerce doctrines similar to the one plaintiffs press before this Court); *id.*, Plaintiff’s Mem. In Opp. To Defs. Mo. For Summary Judgment, filed Oct. 15, 2002, at 12-13 (same).³

The *Grokster* court summarily rejected these arguments and applied the proper *Sony* analysis. *MGM v. Grokster*, 2003 WL 1989129 at *5-7. Instead, in rejecting these arguments *sub silentio* and applying *Sony*, the court held that the defendants’ peer-to-peer file-sharing software was a staple article of commerce with substantial noninfringing uses, and granted summary judgment for defendants on plaintiffs’ claims against them for contributory and vicarious copyright infringement. *Id.*

IV. CONCLUSION

In seeking to have this Court undermine the Supreme Court's ruling in *Sony*, Plaintiffs hope to have the Judiciary rewrite the Copyright Act to the detriment of Amici,

³ Amici respectfully request that this Court take judicial notice of these briefs, included in the Appendix filed herewith at Exhibits B and C.

countless other technology innovators and users of technology, including consumers and libraries. As the Court emphasized in *Sony*, however, the expansion of secondary copyright liability principles that Plaintiffs seek is the prerogative of Congress and not the courts. This Court should decline Plaintiffs' invitations to disregard the controlling precedent of *Sony* and create a potential circuit split between this Court and the Ninth Circuit. Instead, it should disapprove of the district court's and Plaintiffs' reckless revision of the legal principles announced in the *Sony* decision, endorse the better view recently elucidated in the recent *MGM v. Grokster* ruling, and apply the proper legal standards to the facts presented by this appeal.

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