

Music, Movie and Software Providers Convert Arch-Nemesis Internet Piracy Channels into Great New Channels to Market

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Intellectual property piracy will remain a feature of the Internet until adequate technology controls are introduced. However the content providers have scored a big win. Spearheaded by the music industry, other content providers will benefit too. Not only have they stifled notorious platforms for IP breach, they have converted them to work cooperatively as a new revenue-generating channel to market.

Peer-to-peer networks, such as Kazaa and Grokster, have been major vehicles for passing on pirated IP. The recent settlement with one of the biggest operators (Kazaa) remarkably turns the tide. Instead of shutting down peer-to-peer networks after the content providers won in court, they have turned them into new and legitimate sales channels.

Companies such as Kazaa and Grokster had lost their copyright infringement court cases in Australia and the US. Late last year Grokster settled its case with the record labels and motion picture studios.

In late July 2006, Kazaa agreed to pay content providers around US\$100M to settle. Remarkably, as part of the deal, Kazaa is not only clamping down on its operations that facilitated content piracy, it is also, said John Kennedy, Chairman and CEO of the international recording industry, IFPI

"...making a transition to a legal model and converting a powerful distribution technology to legitimate use. This is the best possible outcome for the music industry and consumers. Our industry will have a new business partner and consumers will experience new ways of enjoying music online, with more choice. This is a win-win scenario."

As Recording Industry Association of America, Chairman, Mitch Bainwool, said:

"This is welcome news for the music community and the legal online music marketplace. Steadily but surely, we are passing another important marker on the remarkable journey that is the continuing transformation and

development of the digital marketplace. The winners are fans, artists and labels and everyone else in making music, and our partners in the technology community."

These benefits are for content providers generally, including software, film, TV, music etc.

There's more detail about what's happening with sale of films online in our other article today, "Movies Online: A World Premiere at the Cannes Film Festival".

We welcome your feedback on this article and any enquiries in relation to its contents. This article is intended to provide a summary of the material covered and does not constitute legal advice. We can provide specialist legal advice on the full range of matters contained in this article.

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