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StreamCast ordered to filter P2P software but escapes being shut down

The US District Court for the Central District of California has issued a permanent injunction prohibiting [StreamCast Networks, Inc](#) from distributing file-sharing software that induces end users to infringe copyrights. The injunction is a mixed victory for the plaintiffs (a group of record companies, movie studios and music publishers). Although the injunction prohibits StreamCast from intentionally inducing infringement, it does not stop all distribution of the [Morpheus](#) file-sharing software while StreamCast improves filtering technology that blocks sharing of copyrighted materials. The decision also permits StreamCast to collect advertising revenue from existing, unfiltered versions of the software, and the plaintiffs are required to help StreamCast identify infringing files by providing artist names, titles of works and certifications of ownership. Finally, the district court retained the power to adjust the permanent injunction as new developments arise.

The order is the latest word from the district court in *Metro-Goldwyn-Mayer Studios Inc v Grokster Ltd*, a case on remand from the US Supreme Court (see "[Grokster hits speed bump as Supreme Court adopts inducement rule](#)"). Grokster, the first named defendant, settled shortly after the Supreme Court decision, leaving StreamCast as the only remaining defendant. Last year, the district court granted summary judgment against StreamCast, finding that the company intended to induce copyright infringement by Morpheus end users (see "[Rights holders prevail: evidence against StreamCast is 'overwhelming'](#)"). The district court has now issued a nuanced order that limits the distribution of the Morpheus software, a product that has both infringing and non-infringing uses, without prohibiting legitimate uses of the software.

The plaintiffs asked for a permanent injunction that would prohibit all types of infringement, require StreamCast to implement "all technologically feasible means" to prevent sharing copyrighted works and prevent any distribution of the Morpheus software until an "exhaustively" effective filter was designed. The court noted that the broad order requested by the plaintiffs would cover more conduct than the inducement of infringement for which StreamCast was held liable, and would also prevent legal, non-infringing uses of the product. Although StreamCast countered that it no longer had any intent to induce infringement, the district court concluded that distributing unfiltered software would build on the notoriety and success the company obtained by actively inducing infringement. Therefore, the injunction requires StreamCast to implement a filtering solution on the Morpheus software and network.

The district court considered several technologies to identify the contents and copyright status of files traded on the Morpheus network, including audio and video fingerprinting, exclusion of files based on a "file hash" (a digital calculation that identifies copies of known files), and scanning metadata of files shared by users. The precise contours of the filtering solution that StreamCast will implement in response to the permanent injunction remain undetermined. Because of the technical complexity and continuing evolution of filtering technologies, the district court will appoint a special master to assist the court with ongoing implementation of the permanent injunction.

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