

# Senator Threatens Crackdown on File-Sharing Industry

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The head of the Senate Commerce Committee warned online file-sharing companies this week that if they do not crack down on piracy and pornography available via their networks, Congress will force them to act.

In an outburst at the close of a hearing Thursday, Sen. Ted Stevens (R-Alaska) said many senators are urging him to move against file-sharing firms, despite a recent Supreme Court decision that parties on all sides of the issue said eliminated the need for congressional action anytime soon.

"I hope you're listening," he said loudly to Adam M. Eisgrau, executive director of P2P United, a file-sharing trade group. "We can hardly accuse people abroad of stealing our property if we can't protect it at home."

Stevens was joined by Sen. Barbara Boxer (D-Calif.), who told Eisgrau, "If you don't move to protect copyright, if you don't move to protect our children, it's not going to sit well."

That prompted Stevens to quip that since he and Boxer disagree on nearly everything, people should "watch out" when they find common ground.

File-sharing vendors such as Grokster, Kazaa and Morpheus enable hundreds of millions of consumers around the world to trade songs, videos, software programs and other digital files with each other directly. Many people use the systems to bypass retail outlets, which the entertainment industry says is costing it billions of dollars.

The software does not discriminate between legal and illegal works, including pornography that can be labeled with innocent titles and inadvertently downloaded. File-sharing firms argue that they can neither police nor be held responsible for the actions of their users.

Last month, the Supreme Court ruled in a case involving Grokster Ltd. that file-sharing firms could be held liable for the actions of their customers if the vendors actively encourage their users to steal.

The court sent the case back to a lower court to determine if Grokster and Streamcast Networks Inc. had done so. But the court left intact a doctrine it established in 1984 that makers of products or services generally cannot be held responsible if there are substantial legal uses for their products.

The entertainment industry, which earlier this year failed to get Congress to pass a liability law for inducement, hailed the decision and said it saw no need to return to Congress.

At the hearing, Eisgrau said the court ruling was not likely to reduce file-sharing. Instead, he said, Congress should

convene a summit between the file-sharing community and the music industry to discuss a licensing system, similar to one that compensates artists every time a song is played on the radio.

Mitch Bainwol, head of the Recording Industry Association of America, called the idea "a dodge" and rejected it.

"These companies have the ability to stop this illegal taking right now," he said, arguing that they should otherwise shut down until they can.

Mark G. Heesen, head of the National Venture Capital Association, said his group worries that the entertainment industry will continue to sue or otherwise attack makers of new technologies even if they do not actively promote infringement.

That, he said, could dry up investment in new, "disruptive" technologies.

By Jonathan Krim

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