

**A BRIEF STUDY ON NAPSTER CASE AND ITS IMPACT ON THE  
MODERN WORLD**- Vaidehi Ajith Prabhav<sup>1</sup>**ABSTRACT**

Napster, an online service, which emerged in 1999 had turned the tables for music enthusiasts and music producers. Where music enthusiasts were getting free access to music but for music producers, Napster was infringing their copyright protection. The copyright protection for the 'undefined territory of the internet' has not been extended for a while until A& M Records, Inc. v. Napster Inc.<sup>2</sup> (popularly known as the Napster case) case emerged in the year 2001. Napster case had witnessed that providing music to consumers, without the actual knowledge of the music producers, for free is not a form of business that will work in this world where copyright protection is. This case had a paramount impact on the music industry as well when we look at the current music streaming platforms, such as Spotify, Apple Music etc., where these platforms charge a fee for the music enthusiasts to listen to unlimited songs. The United States has its copyright protection provision under 17 U.S Code §102 and Clause (2) of this particular section talks about music-related works. The major goal of this research paper is to understand how the Napster Company became really successful in such a way that its success led to its own downfall, the legal aspects of the case and how it affected the modern music industries.

**INTRODUCTION**

In 1999, Shawn Fanning a college student from Northeastern University launched software which deals with peer-to-peer sharing of MP3 files. This allowed the users to copy music from hard drives, where MP3 files are stored by the process of 'ripping'. Ripping is the process of

---

<sup>1</sup> BA. LL. B (H), School of Law, Bennett University

<sup>2</sup>239 F.3d 1004 (9<sup>th</sup> Cir.2001)

For general queries or to submit your research for publication, kindly email us at [editorial@ijalr.in](mailto:editorial@ijalr.in)

compressing audio files in a Compact Disk (CD) into MP3 files or format.<sup>3</sup>Napster's software acted as a platform or a server for the users to search and download the songs through internet. The interesting part is that Napster did not charge a single penny for its users, and this gained wide recognition of Napster to millions of people, where they can download the music in MP3 format without any charges. This led to the downfall of the value of MP3 files and normalised copyright infringement by downloading it for free. Even though they did not charge any fee but was gaining financially by selling these copyrighted works. Napster was at its peak of popularity in early 1999, where millions and millions of people started using it and this made the music producers and artists aware of Napster. But soon after some months passed, the music producers like Sony Entertainment, A & M Records etc., filed a suit against Napster alleging that Napster had performed vicarious and contributory copyright infringement of their songs.<sup>4</sup>From that juncture onwards the legal battle between the Napster and Recording Industry of American Associations. Even though Napster existed for only four months, it has created an idea for various music enthusiasts or other entrepreneurs to how to start a music streaming service and how careful they should be. Now let us understand the legal proceedings that happened in this case.

### LEGAL ASPECT OF THE CASE

The case had begun in the U.S District Court for the Northern District of California. The plaintiffs had alleged that Napster is liable for contributory and vicarious infringement of the copyright of the music they (plaintiffs) produced in which Napster was having 70% of the plaintiff's music and also violated Section 980 (a) (2), which talks about the exclusive ownership by the author of a sound recording. Napster in response to this alleged claim argued that, as mentioned in the case-law of Sony Corporation of America v. Universal City Studios<sup>5</sup> (famously known as Betamax case), Napster had only used the fair use rooted in the "*substantial non-infringing using doctrine*" and claimed that Napster's act does not violate the contributory and vicarious allegations and also alleged that Napster did not harm the copyright owners. The court also found that Napster did not have a policy relating to the guidelines of the usage of the

---

<sup>3</sup>Napster, USLEGAL (Oct. 20, 2021, 6.15 PM), <https://internetlaw.uslegal.com/piracy-and-file-sharing/napster/>

<sup>4</sup>*Id.*

<sup>5</sup>464. U.S. 417.

For general queries or to submit your research for publication, kindly email us at [editorial@ijalr.in](mailto:editorial@ijalr.in)

software by the users, even though they had one, which states that according to Napster's discretion it can terminate any users' account. Although this was meant to be escaped from the vicarious liability, but it also implies that Napster had the power to delete the copyrighted music from its software, but it did not. The case was decided in the benefit of the plaintiffs and against Napster, a preliminary injunction was granted by the Chief Judge.<sup>6</sup>

Later on, Napster filed an appeal in the appellate court of Ninth Circuit, where this court was also in favour of the District Court's decision. Ninth Circuit Court further relied upon the fair use defence used by Napster, where it considered three factors as ascertained by Napster as fair use. The first one is that the court found that Napster functioned as **sampling**, where the users before purchasing a piece of particular music would make a copy of it and this resulted in commercial use. The second one is the space-shifting requirement for fair usage of the music. The **space-shifting** requirement for fair use was also not fulfilled by Napster because instead of personal storage the MP3 files were made available to the users of the software. The last and the third one is the **permissive distribution** factor or requirement, in this, the artists who are new or established may give permission to distribute their songs is not considered as an infringement. But the act of the users had led to the infringement of copyright, which with caution was able to be controlled by Napster. The court also held that Napster had constructive and actual knowledge of direct infringement of copyright and thus the Betamax case does not apply in the case of Napster.

Both the legal proceedings of the District Court and the Ninth Circuit Court were in favour of the plaintiffs. Prima facie we can see that Napster had infringed the copyrights of the plaintiffs. The courts also did not have to think twice before deciding the case as it is well discernible that the fault is in the part of Napster only. Thus, Napster was held liable for contributory and vicarious infringement.

---

<sup>6</sup>Kelly Isabella, *The Resounding Impact of Napster, Inc. An Analysis of A & M Records, Inc. v. Napster, Inc.*, CMC SENIOR THESES. 1753, 24, (2017), [https://scholarship.claremont.edu/cgi/viewcontent.cgi?article=2865&context=cmc\\_theses](https://scholarship.claremont.edu/cgi/viewcontent.cgi?article=2865&context=cmc_theses).

For general queries or to submit your research for publication, kindly email us at [editorial@ijalr.in](mailto:editorial@ijalr.in)

## HOW HAS THIS IMPACTED THE MODERN WORLD?

The Napster case had led to the extension of intellectual property rights to both the offline and online worlds. The Telecommunication Act of 1996, The Sonny Bono Copyright Term Extension Act, and the Digital Millennium Copyright Act etc, came into existence in the late 1990s and had extended their intellectual property rights.<sup>7</sup> Some of them provided for just, reasonable, and affordable rates for the services, some of them extended the right of protection of copyright after the author's death and some of them extended the intellectual property rights to the internet. Even though these legislations were existing before the Napster case, only after the decision of the case did the U. S Government decide to expand its copyright protection legislation. Even after 2001, Napster again started its activity by subscription but failed due to other companies emerging with the same ideas as Napster. Soon in 2002, it completely shut down its servers.

After the Napster case, a lot of music streaming applications emerged with the idea of Napster but with subscriptions and other privacy policies. This has created a positive impact in the music industry as the music streaming industry, the producers, artists start to grow rapidly, and they had been getting financial incentives as well. Now when we look at contemporary times, there are a lot of music streaming applications such as, Apple Music, Spotify etc. which uses the same technique of Napster but is more cautious and is having a subscription for unlimited listening of songs for the consumers. Thus, in my personal opinion, Napster had a great negative consequence on its own, but it had a positive impact on the music industry as more companies like Napster came into existence.

## CONCLUSION

According to Fader Report, Napster would have boosted the sales of marketing of songs and also stated that Napster would not belittle the sales of the records as the users would not be considering MP3 files as a replacement for Compact Disks.<sup>8</sup> But there are a lot of other reports which does not agree with this because Napster Prima Facie infringed the copyrights. For the other music streaming applications, Napster acted as a blessing in disguise. Only after the

---

<sup>7</sup>*Id.*, 9-12.

<sup>8</sup>*Id.*, 36-37.

For general queries or to submit your research for publication, kindly email us at [editorial@ijalr.in](mailto:editorial@ijalr.in)

downfall of Napster made more music streaming applications come into force. Thus, to sum up Napster case had witnessed the extension of intellectual property rights to a great extent. Napster would be the best and a suitable example to understand why there is a need to extend the intellectual property rights to the undefined territory of the internet as the internet is a vast area that requires great protection for the documents, files that are being uploaded on the internet. There are certain grey areas dealing with intellectual property rights that should be addressed and the probability is that it will get addressed in the near future itself shaping more sustainable rights for the owners, artists etc.



For general queries or to submit your research for publication, kindly email us at [editorial@ijalr.in](mailto:editorial@ijalr.in)

<https://www.ijalr.in/>