

## **RIAA File-Sharing Lawsuit Should Rouse Companies to Action**

**Lou Latham**

Proposed legal action by the Recording Industry Association of America (RIAA) could hurt companies that don't stop illegal employee downloading. Act to shut down this activity on your networks.

## NEWS ANALYSIS

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### Event

On 25 June 2003, the RIAA threatened to sue hundreds of individual computer users for illegally sharing music files online. The RIAA said it will begin to examine file-sharing networks as a way of identifying users who offer "substantial" numbers of MP3 files to download. The RIAA expects to file several hundred lawsuits the beginning of September 2003.

### Analysis

The proposed RIAA lawsuits could have an enormous legal and financial impact on companies that knowingly permit their employees to download media content illegally. By posing as regular users of file-sharing services such as Kazaa, the RIAA's investigators can directly access large repositories of music they believe has not been paid for and so obtain the repositories' Internet Protocol (IP) addresses. The RIAA recently won a court ruling that allows it to force Internet service providers to reveal the names and addresses of IP address owners. If a company is found to be liable for copyright infringement for allowing its employees to use the corporate network to illegally download music, it could face serious legal repercussions — potentially as much as \$150,000 per pirated song plus legal costs.

Gartner does not offer legal advice. However, companies have strong reasons other than legal liability to suppress file-trading activity on their networks:

- Potentially significant demands on network bandwidth
- The desire to foster employee discipline
- The need to reduce lost employee time and productivity

To achieve these goals, companies should immediately:

- Publish HR policies governing employee use of corporate resources, including a specific ban on media content sharing on their networks, with appropriate sanctions spelled out
- Implement network security measures to identify and prevent such activities (a number of software applications specifically designed to track or block peer-to-peer transmissions are commercially available)
- Document their enforcement efforts

**Analytical Source:** Lou Latham, Gartner Research

### Recommended Reading and Related Research

- "RIAA Targets Corporations With New Anti-Piracy Campaign" ([www.gartner2.com/qa/qa-0503-0034.asp](http://www.gartner2.com/qa/qa-0503-0034.asp)) — GartnerG2 provides guidelines on first-line responses to possible RIAA legal action. **By Mike McGuire**
- "RIAA vs. Verizon: Implications of the Judge's Decision" — A recent court decision has serious implications for Internet service providers and their customers. **By Lydia Leong**

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