



FOR IMMEDIATE RELEASE
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MUSIC INDUSTRY ANNOUNCES GROKSTER SETTLEMENT

WASHINGTON, DC – The owners and operators of the Grokster peer-to-peer (P2P) network – the lead and most well-known defendants in one of the Supreme Court’s seminal decisions this year and the most profound case affecting copyright laws in two decades – have agreed to settle the three-year-old legal case with the nation’s major record companies, motion picture studios and music publishers. A consent judgment will be submitted to the court today for its approval.

Coming just four months after the Supreme Court’s ruling in *MGM vs. Grokster* – and on the heels of a rapid succession of similar international rulings in Korea, Australia and Taiwan – the music industry today hailed the settlement as an important milestone in the continuing transformation of the online marketplace.

“This settlement brings to a close an incredibly significant chapter in the story of digital music,” said Mitch Bainwol, Chairman and CEO of the Recording Industry Association of America (RIAA). “This is a chapter that ends on a high note for the recording industry, the tech community and music fans and consumers everywhere. At the end of the day, this is about our ability to invest in new music. An online marketplace populated by legitimate services allows us to do just that.”

“The Grokster verdict has spurred growth and innovation for legal music services, including a legitimate peer-to-peer market,” said David Israelite, Chairman and CEO of the National Music Publishers Association (NMPA). “Now that a legal online entertainment environment has been established, the ultimate winners in the Grokster case are the music fans, who now have more options than ever before to hear the music they love.”

The settlement includes a permanent injunction prohibiting infringement – directly or indirectly – of any of the plaintiffs’ copyrighted works. This includes ceasing immediately distribution of the Grokster client application and ceasing to operate the Grokster system and software.

In its unanimous decision in the Grokster case, the Supreme Court noted that in regard to the defendants' actions, "the unlawful objective is unmistakable." Today's settlement announcement underscores that clarity.

"The owners and operators of Grokster – like numerous other online services all across the globe – heard nine U.S. Supreme Court justices speak in a unanimous voice – a voice that was heard loud and clear," Bainwol added. "As the Court articulated in no uncertain terms, there is a right way and a wrong way to conduct a business. This settlement makes clear that businesses are well aware when they are operating on the wrong side of that line. Record companies have demonstrated a strong desire to work with a variety of legitimate online enterprises that respect the rights of creators and provide high-quality music to fans. The technology is available, and others are already paving the way."

Since the Supreme Court issued its ruling in June, the legitimate online marketplace has already begun to expand. In addition to legal download and subscription services like Rhapsody, Napster, iTunes, Wal-Mart.com, Sony Connect, Yahoo! Music and others, a nascent legal P2P network marketplace is emerging. Joining World Media, PassAlong and Intent Media in the legitimate P2P space, iMesh has announced a legitimate P2P business model and the launch of its newly configured service. Individual record companies have also announced numerous licensing agreements in recent months with companies such as Mashboxx and Snocap.

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ABOUT THE RIAA:

The Recording Industry Association of America is the trade group that represents the U.S. recording industry. Its mission is to foster a business and legal climate that supports and promotes our members' creative and financial vitality. Its members are the record companies that comprise the most vibrant national music industry in the world. RIAA® members create, manufacture and/or distribute approximately 90% of all legitimate sound recordings produced and sold in the United States. In support of this mission, the RIAA works to protect intellectual property rights worldwide and the First Amendment rights of artists; conduct consumer industry and technical research; and monitor and review - - state and federal laws, regulations and policies. The RIAA® also certifies Gold®, Platinum®, Multi-Platinum™, and Diamond sales awards, as well as Los Premios De Oro y Platino™, an award celebrating Latin music sales.

ABOUT THE NMPA:

Founded in 1917, The National Music Publishers' Association (NMPA) is a trade association representing over 600 American music publishers, who in turn administrate the catalogs of over 32,000 publishers. The NMPA's mandate is to protect and advance the interests of music publishers and their songwriter partners in matters relating to the domestic and global protection of music copyrights.

Music publishers control the copyrights for the underlying compositions of songs on behalf of the songwriters they represent. The NMPA is the leading trade association in the United States for music publishers, and advocates for their interests, as well as for their songwriter partners, by protecting, upholding, and advancing their valuable copyrights. The Harry Fox Agency, Inc., a subsidiary of the NMPA, is the premier U.S. mechanical rights organization.

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