



McCOMBS SCHOOL OF BUSINESS[™] The University of Texas at Austin

Digital Downloads

Copyright laws exist to protect authors' and publishers' rights, but also to balance that protection with access and innovation. In 1999, two teenagers created the file-sharing program Napster. Within its first year, the service surpassed 20 million users. Many Napster users shared music files with each other, but without any compensation to the artists and producers who made the music, sparking a series of legal battles over copyright and distribution. In 2001, an appellate panel upheld a previous ruling that Napster violated copyright laws, stating that, "Repeated and exploitative unauthorized copies of copyrighted works were made to save the expense of purchasing authorized copies."

Artists were divided on the benefits and harms of Napster. Over 70 artists formed "Artists Against Piracy" in coalition with major record companies to combat the piracy occurring on Napster and other peer-to-peer internet services. In contrast, some established artists such as Neil Young saw piracy as the "new radio" and applauded the potential to reach larger audiences and drive additional sales through increased popularity. Seeing both the benefits and detriments of piracy, singer Norah Jones stated, "If people hear it I'm happy...it's great that young people who don't have a lot of money can listen to music and be exposed to new things... But I also understand it's not ideal for the record industry, and a lot of young artists who won't make any [money] off their album sales, but at least they can tour."

Although court rulings forced Napster to terminate its file-sharing business, Napster's innovations stimulated payment-based services, such as iTunes, Pandora, and many others. But the availability of such services has not put an end to the debate surrounding artist compensation with digital music, as seen with Taylor Swift's open letter to Apple in 2015. Swift's albums, along with the music of many other artists, were going to be streamed at no cost to new Apple Music customers over the first three

months of service without any compensation to the artists. In her open letter, Swift stated, "I'm not sure you know that Apple Music will not be paying writers, producers, or artists for those three months. I find it to be shocking, disappointing, and completely unlike this historically progressive and generous company." Within a few hours, Apple responded by changing the terms of its agreement in order to compensate artists at a reduced rate.







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Discussion Questions:

- 1. Artists generally agree that piracy causes financial harm, but some artists recognize that piracy creates exposure for the artist and access for the listener. Do you think the benefits of piracy outweigh the harms done? Why or why not?
- 2. Along with other file-sharing services, Napster helped to stimulate payment-based services such as iTunes, Pandora, and many others. Do you think this positive outcome justifies Napster's illegal activities? Why or why not?
- 3. If Apple had not agreed to compensate artists in response to Swift's open letter, do you think it would be ethically questionable to subscribe to their service? Are you, as a consumer, more likely to subscribe as a result of Apple's response? Why or why not?
- 4. In cases of piracy, it is difficult to conceptualize everyone affected. Which of the ten moral rules (identified by Bernard Gert) does piracy violate? Other than the artists, who else is potentially affected by piracy? Does a broader view of the people affected and harms caused change your opinion on piracy? Why or why not?

Resources:

How Taylor Swift Saved Apple Music

http://time.com/3940500/apple-music-taylor-swift-release/

Napster: The Day Music was Set Free

http://www.theguardian.com/music/2013/feb/24/napster-music-free-file-sharing

Ashes to Ashes, Peer to Peer: An Oral History of Napster

http://fortune.com/2013/09/05/ashes-to-ashes-peer-to-peer-an-oral-history-of-napster/

The Napster Decision: The Overview; Appellate Judges Back Limitations on Copying Music

http://www.nytimes.com/2001/02/13/business/napster-decision-overview-appellate-judges-back-

limitations-copying-music.html

Shakira hits back at Lily Allen in illegal downloading row as she claims file-sharing 'brings me closer to fans'

http://www.dailymail.co.uk/tvshowbiz/article-1221639/Shakira-hits-Lily-Allen-illegal-downloading-row-claims-file-sharing-brings-closer-fans.html

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