
Napster

Music Just Wants to Be Free!

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- Case: Intellectual Property
 - by Jack M. Wilson, Distinguished Professor
 - Music Just wants to be free!!
 - Readings:
 - Wikipedia: <http://en.wikipedia.org/wiki/Napster>
 - Wired Magazine:
 - <http://www.wired.com/gadgets/portablemusic/news/2002/05/52540?currentPage=all>
 - The Guardian: “Napster: the day the music was set free”
 - <http://www.theguardian.com/music/2013/feb/24/napster-music-free-file-sharing>

Founding Team



- Shawn Fanning [[wiki](#)]
 - born in Brockton, MA in 1980
 - Attended but dropped out of Northeastern University
 - Developed Napster at Northeastern



- Sean Parker [[wiki](#)]
 - Born in Virginia in 1979
 - Met Fanning over the internet while still a high school student in Virginia.
 - Arrested as juvenile for hacking –given probation.
 - Calls his time at Napster to be “Napster University.”
 - First President of Facebook.

- John Fanning [[wiki](#)]
 - Born 1963
 - Uncle of Shawn Fanning.

Summary History

- First release June 1999
- Peer-to-peer file sharing –particularly mp3 music files
- There were 80 million registered users at one time.
- Metallica files suit against Napster on March 13, 2000 –accusing them of stealing their music and distributing it illegally.
 - Dr. Dre then joined that lawsuit.
- The Recording Industry Assn. of America (RIAA) filed an addition lawsuit.
- Napster shut down by US Ninth Circuit Court in 2001.
- Settlement reached in 2002.
- Napster tries to convert to subscription business model.
- Tries to sell itself to Bertelsmann. Declares bankruptcy and sale blocked by court. Netscape is dissolved.
- Brand and logos sold off.

Wired Magazine in 2002 –as it was coming apart.

- <http://www.wired.com/gadgets/portablemusic/news/2002/05/52540?currentPage=all>
- “Once the darling of the technology world with 80 million registered users, the revolutionary software allowed people to use the Internet to do what they had done for years in neighborhoods, schoolyards and concert venues: They swapped music. Within months of its release, Napster was the Internet's killer app.”
- “The service, which the media companies have fought so desperately to destroy, has been co-opted by AOL, Yahoo and Microsoft.”
- “Innovative technology companies had felt safe since 1984, when the Supreme Court ruled that people could record television and movies in their homes. For 15 years, new devices from digital tapes to personal computers that allowed people to record and share information were shielded from legal action.”
- The Ninth Circuit court ended that when it ruled that this kind of copying and distribution was a whole new and different world.
- The company was hampered by inexperience, infighting, and naiveté.

The Guardian –looking back

- Legal or not?:
 - *“The question was batted about in courtrooms. Were file-sharers really in the wrong? Was Napster? Not a single MP3 was stored on its servers; the software simply enabled users to download from each other. Anyway, might it not be it a good thing that so many people, 57 million users at Napster's peak, were excitedly seeking out music online?”*
- Good for Music or Not?:
 - *“Certain musicians thought so. Wyclef Jean wanted his music to be heard, however it was heard. Chuck D thought of file-sharing as "the new radio". Billy Corgan of Smashing Pumpkins was resigned: "There's no stopping it," he said. "This revolution has already taken place." Peter Gabriel even backed file-sharing software of his own, though the service, unromantically titled WebAudioNet, did not have much impact.”*
- Falling apart:
 - *“But the truth was that, for Napster, terminal rot had set in. Sean Parker had been quietly, hurtfully ousted from the company after an email was unearthed in which he referred to file-sharers as pirates, something Napster's lawyers were always careful to deny. Shown the door, Parker asked Fanning for help, but his friend was so weary and disillusioned that he only said: "You're lucky. You can go and do something else." Before long, Fanning left too.”*

Questions:

- Why did Napster appear to ignore the various legal challenges?
- If they saw these challenges, why do you think they chose to plunge ahead?
- Could they have found solutions to these challenges? If so, what approach might they have used?
- Can you construct an ethical argument that might argue that Napster was an ethical approach to business? If so, then how might one do that.?
- How would the record labels and artists have benefited if they chose to collaborate with Napster, instead of taking legal action?
- The Wired article was written in 2002. How well did they anticipate the future of digital music?
- Looking back, how has Napster contributed to the existing delivery of digital music?
- How did existing companies adapt to the ethical and legal issues raised by digital distribution.