

YOUTUBE SHUTDOWN

Mountain View, California: After losing a lawsuit to media conglomerate Viacom (NYSE: VIA), Youtube parent company Google (NASDAQ: GOOG) decided to shutdown the video sharing site. In a public statement yesterday, Google announced that *“after thoroughly looking at [their] options, the only viable course of action was to shutdown the site.”*

Last summer, Congress passed new legislation strengthening the Digital Millennium Copyright Act (DMCA). Among the changes, service and content providers can now be held liable for copyright infringement that happens under their watch. Also, repeat offenders are placed on a watch list which closely monitors content on the offending services.

Under this legislation, Google could now be held responsible for infringement on YouTube, and that is what Viacom asserted in their lawsuit 3 months ago. When sentencing Google, the courts decided to limit the statutory damages, recognizing Google's importance in today's online environment. With statutory damages typically going beyond one million dollars per infringement, such damages could have easily bankrupted the online giant.

As part of the settlement, Google was ordered to remove all offending content under the direction of Viacom. While this was happening, users began abandoning the site en masse. Within weeks, the site lost nearly 1/3 of its users and their content, in addition to the content they were removing. To add to Google's problems, users began to militantly post offending content in defiance of Viacom and Google's behavior. Uncertain about how to deal with the situation, Google temporarily disabled the ability to post new content, which resulted in driving even more users away.

The straw that broke the camel's back was YouTube addition to the DMCA's watch list, which put enormous pressure on Google to stop new infringing from being posted, in addition to cleaning up the content already on the site. After only a short time, Google determined that it was impossible to operate the site while complying with the DMCA's regulations. *“Even if we could go through all the content being posted, there's no way to be certain whether or not something is infringing...”* **Continued on 2A...**

Washington DC: In more landmark legislation, Congress decided that Fair Use was no longer protected under U.S. copyright law. After years of pressure by media conglomerates and property advocates, Congress finally caved in.

“We are incredibly happy to finally see this made law,” remarked RIAA chairman and CEO Mitch Bainwol. *“This will make it much easier to protect our intellectual property.”*

While groups like the RIAA are praising the legislation, groups like the Electronic Frontier Foundation (EFF) are outraged.

“These groups are essentially abusing individuals to maximize profits. Now it's easier to make money by suing people than to actually sell music...” **Continued on 3A...**