

**NATIONAL VENTURE CAPITAL ASSOCIATION REACTION TO US
SUPREME COURT DECISION ON MGM vs. GROKSTER**

June 27, 2005, Washington, DC – The following statement can be attributed to Mark Heesen, President of the National Venture Capital Association as it relates to today’s Supreme Court decision on MGM vs. Grokster:

“We believe that today’s decision is favorable to the venture capital industry because the Supreme Court rejected the studios’ strong efforts to cut back on the protections for innovative technologies set forth in *Sony vs. Universal City Studios*. The *Sony* decision established a bright-line rule that permits capital investment in nascent technologies that have the potential for substantial non-infringing uses. With this bright line rule intact, only those players who willfully promote copyright infringement will be subject to potential liability for secondary infringement of copyrights. A company or a venture capital firm that brings to market technologies that have the potential for legitimate, non-infringing uses, and that markets the technologies based on those non-infringing uses, remains protected from secondary liability, even though other third parties might use the technologies to infringe on copyrights.”