

Tech Trends

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It's Time to Pay Closer Attention To Digital Millennium Copyright Act

*Federal Circuit offers
three significant
interpretations
regarding patents.*

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From the computer programmer to the Hollywood mogul to the teenager who has been sued for downloading music from the Internet to anyone else who is either in the hi-tech industry or simply enjoys watching a good DVD, it's time to start paying closer attention to the Digital Millennium Copyright Act (DMCA).

The DMCA is Congress' 6-year-old attempt to protect authors and artists against hi-tech piracy. By creating new prohibitions against activities that facilitate copyright infringement, Congress gave copyright holders a new

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weapon with which to go after would be transgressors.

However, liability under the DMCA is not liability for copyright infringement. The DMCA is directed to activities in the world of technology, and as any good IP lawyer knows, when one hears the word technology almost as a reflex one should think patent. So perhaps it is fitting that the most recent foray into the DMCA was by the U.S. Court of Appeals for the Federal Circuit, the court with exclusive jurisdiction over appeals of cases arising out of the patent laws.¹

On Aug. 31, 2004, in *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*,² the Federal Circuit proffered at least three significant interpretations of the DMCA. First, *Chamberlain* established that unlike for causes of action under traditional copyright claims, under Section 1201 of the DMCA, it is the plaintiff who must prove the absence of a license rather than the defendant who must prove the presence of the license as an affirmative defense.

Second, *Chamberlain* established that a cause of action for trafficking in tech-

nologies used to circumvent technological measures to protect copyrighted information must have a sufficient nexus between the technological measure that is circumvented or to be circumvented and the material that it was designed to protect.

Finally, and perhaps most importantly, *Chamberlain* implicitly contradicted dicta of the U.S. Court of Appeals for Second Circuit in *Universal Studios, Inc. v. Corley*³ with respect to the application of the fair-use doctrine in response to a charge of violating the DMCA.

Circumvention Prohibited

The DMCA's primary provisions are directed to prohibiting the circumvention of technological measures that effectively control access to a work protected by the copyright laws (digital trespass)⁴ and to prohibit tampering with copyright management information.⁵

Unlike traditional copyright law, a cause of action under the DMCA does not require an analysis of whether there was actual copying. Rather, the DMCA

is concerned with cracking the safe or tampering with the identification of the safe as opposed to stealing the valuables from within a safe.

Chamberlain involved such an assertion of violation of the digital trespass provisions. The technology related to garage door openers with the presence of technologic measures that blocked access to their computer codes. These technologic measures allowed the plaintiff to assert a cause of action under the DMCA.

Garage door openers have two parts: a hand-held portable transmitter and a garage door-opening device mounted in the garage that contains both a receiver that incorporates signal processing software and a motor to open and close the door. To open (close) a door, one activates the transmitter, which sends a radio frequency signal to the receiver. If the receiver recognizes the signal as the correct one, it directs the motor to open (close) the door.

Typically, a consumer purchasing this system buys both components as part of a package. However, if the consumer loses (or breaks) the transmitter, the consumer can purchase a replacement universal transmitter that can be programmed to interoperate with the garage door-opener system.

Background

Plaintiff Chamberlain sold garage door-opener systems and placed no explicit limitations on the types of transmitters that a homeowner might use with the system. Chamberlain's system had a copyrighted computer code that was used to open the garage door, and access was protected by a changing or rolling computer code. The presence of this rolling code was critical to plaintiff's invoking §1201 of

the DMCA. Defendant Skylink sold transmitters that allowed users to operate Chamberlain's garage door-opener systems while not making use of, i.e., circumventing, the rolling code.

Chamberlain alleged that Skylink's transmitters allowed unauthorized users to circumvent the security of the rolling code and violated subsections (A), (B) and (C) of §1201(a)(2) of the DMCA, which prohibit trafficking in technology that allows access to technologically protected copyrighted work. Skylink asserted a number of defenses, including that consumers used its product with Chamberlain's consent. The trial court agreed and held that there could be no liability.

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The issue of consent was dispositive. However, the Federal Circuit, perhaps appreciating that it is a court more familiar with patent issues, and was taking its first deep foray into the realm of the DMCA, apparently decided to take the opportunity to create a new rubric under which to analyze these types of causes of action.

The court emphasized: "The distinction between property and liability is critical. Whereas copyrights, like patents are property, liability protection from unauthorized circumvention merely creates a new cause of action under which a defendant may be liable." By highlighting this distinction, the court was able to create a different standard for causes of action

under the DMCA as compared to traditional copyright claims.

The first difference that the court announced is that while in a traditional copyright infringement action a license is an affirmative defense, in a cause of action based on §1201 of the DMCA, the absence of a license is a part of the plaintiff's affirmative case. As support for this difference, the court noted that although in a traditional copyright action a copyright holder need only prove ownership and copying, the DMCA contains statutory language to suggest a different allocation of the burdens, i.e., the plaintiff must prove the absence of authorization of the prohibited act.

Under this newly created standard, the Federal Circuit affirmed the lower court's holding that the plaintiff's cause of action was problematic because it had not shown a lack of authorization. However, the court also took the opportunity to rein in the potential scope of the DMCA. The court noted that the DMCA rebalanced interests to favor the copyright owner. But, perhaps mindful of the criticism of the bar that the DMCA has potentially limitless scope, the court also addressed a second unique aspect of a cause of action under the DMCA, the issue of the nexus between the anti-circumvention technology and the underlying copyright.

The court held: "Statutory and legislative history both make it clear that §1201 applies only to circumventions reasonably related to protected rights."

As examples, the court noted that there would be no violation for disabling of a burglar alarm to gain access to a home that contains copyrighted materials, and no violation for circumventing a trivial encryption scheme

used in connection with a single copyrighted sentence in conjunction with another product since the protection was not truly designed to protect a copyrighted work.

Five-Part Test

In addressing this issue of the nexus, the court created a new five-part test for a cause of action under §1201(a)(2) that requires proof of:

- (1) ownership of a valid *copyright* on a work, (2) effectively controlled by a *technological measure*, which has been circumvented, (3) that third parties can now *access* (4) *without authorization*, in a manner that (5) infringes or facilitates infringing a right *protected* by the Copyright Act, because of a product that (6) the defendant either (i) *designed or produced* primarily for circumvention; (ii) made available despite only *limited commercial significance* other than circumvention; or (iii) *marketed* for use in circumvention of the controlling technological measure.

Prongs (4) and (5) allowed the court to tilt the balance of rights a little less in favor of the copyright holder. By requiring the copyright holder to show an absence of a license in prong (4) rather than requiring the accused violators to show the presence of one, and requiring the copyright holder to show a nexus between the product and the potential infringement in prong (5), the copyright holder will now have extra hoops to jump through to prove its case.

In addition to redefining the cause of action under the digital trespass provisions, *Chamberlain* suggests an interpretation of the DMCA with respect to fair use that contradicts the interpretation of the the Second Circuit in *Universal Studios,*

Inc. v. Corley.

In *Chamberlain*, the court wrote that the DMCA could not be interpreted as repealing the fair-use doctrine with respect to an individual copyrighted work or even selected copies of the work such as those iterations protected by technologic measures, because the construction would contradict §1201(c)(1), which provides that the act did not affect the fair-use doctrine. Thus, the court implied that circumventing a technological measure would be permissible if the ultimate use was a fair use.

Surprisingly, in making this statement, the court did not refer to *Corley*, which it cited elsewhere. In *Corley*, the Second Circuit implied that the fair-use doctrine is not an exception to liability under the DMCA. The Second Circuit, which was addressing constitutional challenges, implied that if a copyrighted work were protected, another party may not circumvent the technological measure without facing liability regardless of the use.

The Second Circuit drew a distinction between the ability to copy a work and the ability to use the most technologically advanced means to copy the work. By way of example, it noted that if someone wanted to make a commentary on the content of a digital movie, the commentator could videotape a playing of the movie without circumventing a technologic measure even if one were present.

The court emphasized: “The fact that the resulting copy will not be as perfect or as manipulable as a digital copy obtained having direct access to the DVD movie in its digital form, provides no basis for a claim of unconstitutional limitation of fair use.”

Thus, according to this reasoning,

the ability to avail oneself of the fair-use defense would depend on how the copy was made.

Because the Second Circuit was addressing issues of constitutionality and not specifically §1201(c), it could in theory be reconciled with the dicta of the Federal Circuit. However, §1201(c) does not explicitly state that the DMCA does not apply if the ultimate use is a fair use, and the logic of the Second Circuit may be extended to issues of statutory construction.

The Second Circuit strikes a balance between the copyright holder and the alleged infringer. By suggesting that one cannot break down a technology wall around a copyrighted material — but if one gains access legitimately, then one can make fair use of that material — it may prevent the pirate from making copies that it can sell for profit because the market will not have a demand for inferior copies. At the same time, it may not prevent, say, children from making fair use of the work for educational purposes in their schools.

The DMCA will likely continue to present courts with complex legal issues for years to come. Because many clients sell, buy, operate or at least have a personal interest in using in the digital medium, it is important that practitioners follow these developments closely.

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1. 28 U.S.C. §1338(a).
 2. 2004 WL 1932660 (Fed. Cir. Aug. 31, 2004).
 3. 273 F3d 429 (2d Cir. 2001).
 4. 17 U.S.C. §1201.
 5. 17 U.S.C. §1202.