

No. 04-3654

In the United States Court of Appeals
for the Eighth Circuit

◆
DAVIDSON & ASSOCIATES, INC.,
D.B.A. BLIZZARD ENTERTAINMENT, and
VIVENDI UNIVERSAL GAMES, INC.,
Plaintiffs-Appellees,

v.

INTERNET GATEWAY, INC., TIM JUNG,
ROSS COMBS, and ROB CRITTENDEN,
Defendants-Appellants.

◆
**On Appeal From A Final Judgment Of The
Eastern District Of Missouri
Judge Charles A. Shaw, E.D. Missouri, Eastern Division**

◆
**BRIEF OF TWENTY-SECOND CENTURY
FOUNDATION, INC. AND SOFTWARE & INFORMATION
INDUSTRY ASSOCIATION AS *AMICI CURIAE*
IN SUPPORT OF APPELLEE AND AFFIRMANCE**

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STATEMENT OF INTEREST OF *AMICUS CURIAE*

The Twenty-Second Century Foundation, Inc. is a non-profit corporation created to advance fair and effective commercial utilization of information in the United States and internationally.

The Foundation's Board of Directors and members include educators, authors and practicing attorneys with extensive academic and practical experience with the interaction between intellectual property law and contract law. The Foundation is committed to assisting the development of intellectual property and commercial law and policy to support innovation and commercialization.

The Software & Information Industry Association ("SIIA") is the leading U.S. trade association committed to promoting and protecting the interests of the software and information industries. SIIA represents over 600 member companies, including prominent publishers of software and information products for reference, education, business, consumer, internet and entertainment uses.

The *Amici* have received no payment or other consideration from any of the parties to prepare this brief and have no financial

interest in the outcome of the case. Neither party in this case, nor any of their attorneys, has drafted any portion of this brief.

This brief is being filed with the consent of all parties.



SUMMARY OF THE ARGUMENT

Appellants advance a theme associated with advocates fairly described as “rights restrictors.” Rights restrictors recurrently maintain that proper policy is always to diminish the protection of copyright owners even if this reduces copyright’s incentives for innovation. This Court should reject the rights-restrictive arguments that are raised in this case with respect to contract law and 17 U.S.C. § 1201 (“DMCA”).

No Preemption. This Court should reaffirm its position that an enforceable *contract* is not preempted by the *property* law rules set out in copyright law and so continue to join other courts in supporting modern information commerce and law.

Contract and copyright are parallel and consistent, forming a partnership that creates property rights and supports agreements

that bring copyrighted works to market. The Copyright Act defines intellectual *property* and preempts only state laws that create equivalent *property* rights. It does not bar parties from adjusting how they use or even waive their property rights or privileges in an enforceable contract. It does not dictate how copyrighted works can be distributed. Rather, it contemplates and relies on private agreements to do so.

Contracts involve extra elements and different rights (the agreement and its terms) that distinguish them from property law. The ability of a property owner contractually to condition the terms under which its property is made available benefits everyone and supports innovation. Such contracts are ubiquitous in commerce and are an essential facet of achieving copyright's goal of promoting the creation of new works and bringing them to the public.

Indeed, copyright and contract are partners supporting the creation and distribution of works of authorship. Nevertheless, appellants ask this Court to undo the contract side of the partnership by rejecting numerous decisions enforcing standard form contracts that

define contractual terms for use of copyrighted works. Instead, these contract law decisions should be embraced: they reflect a respect for freedom of contract, markets, and the important role that contract plays in achieving the goals of copyright law.

DMCA. DMCA is a significant legislative statement of how rights must be protected in a digital world. This Court should affirm that DMCA § 1201 applies when a party circumvents technological access controls thereby violating statutory provisions and contractual agreements. This case epitomizes Congress' concern in enacting DMCA: preventing wrongful use of copyrighted works protected by contract, copyright, and DMCA access controls any one of which alone might not be fully effective.

The DMCA affirms that intellectual property owners can regulate access to their protected works. Enforcing this right is critical to shoring up the position of rights owners threatened by the ability of digital information systems rapidly and perfectly to copy and distribute valuable works.

In this case, appellants broke through a technological lock, violated a contract, took control of Blizzard's copyrighted works, and then developed and distributed an infringing work that substitutes for Blizzard's work. Nothing in DMCA or in its limited exemption for reverse engineering permits this behavior.



ARGUMENT

I. COPYRIGHT LAW DOES NOT PREEMPT CONTRACTS RELATING TO FAIR USE OR REVERSE ENGINEERING.

Appellants advance themes associated with advocates fairly described as “rights restrictors.” See Raymond T. Nimmer, *First Amendment Speech and the DMCA: A Proper Marriage*, ch. 14, in *FREE SPEECH AND COPYRIGHT* (Suthersanen, ed., Oxford University Press, 2005); Paul M. Schwartz & William Michael Treanor, *Eldred and Lochner: Copyright Term Extension and Intellectual Property as Constitutional Property*, 112 *YALE L.J.* 2331 (2003). Rights restrictors recurrently take the same position on issues throughout copyright and contract law: proper policy is always to diminish the protection of copyright owners even if this reduces copyright

incentives for innovation. James V. DeLong, *Defending Intellectual Property*, 17, 19 in *COPY FIGHTS* (Adam Thierer & Clyde Wayne Crews, eds., 2002).

In this case, appellants reflect this rights-restrictive view by arguing that copyright law preempts contract. This seeks to truncate the force of copyright law by weakening the ability of rights owners to make and enforce contracts with reference to copyrighted works. This Court should reject that view and reaffirm that copyright law does not preempt state contract law and does not prevent parties from making enforceable contracts.

Contract and copyright law form a partnership. One (copyright) creates property rights and the other (contract) enforces agreements. The Copyright Act does not preclude parties from adjusting their respective rights or privileges by contract in the open market. It relies on them to do so. There is neither express nor conflict preemption.

A. Copyright and contract law work in parallel, consistent directions implementing incentives to create and disseminate works of authorship.

Copyright and contract work together. Copyright law creates a background of property rights and limitations that provides incentives for creation and distribution of copyrighted works. Raymond T. Nimmer, *Breaking Barriers: The Relationship Between Contract and Intellectual Property Law*, 13 BERKELEY TECHNOLOGY L.J. 827 (1998). As the Supreme Court noted: “[b]y establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.” *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 558, 105 S.Ct. 2218, 85 L.Ed.2d 588 (1985).

Contract law enables market participants to structure transactions that facilitate the dissemination of copyrightable works, allowing rights owners to find the most productive and innovative ways to bring their works to market. Contracts reflect the choices made by the rights owner, users, and the general market for works. “Terms and conditions offered by contract reflect private ordering,

essential to the efficient functioning of markets.” *ProCD v. Zeidenberg*, 86 F.3d 1447, 1455 (7th Cir. 1996).

This copyright/contract partnership benefits the public. Innovation happens rapidly; statutes cannot predict or fine-tune a response to every commercial practice. Thus, copyright law establishes general property rights and privileges, but leaves it to private ordering in the marketplace to adapt them to specific cases. Experimentation with new methods of licensing is an important component of innovation, used even by those that otherwise seek to restrict rights. See Robert Gomulkiewicz, *How Copyleft Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2B*, 36 HOUS. L.R. 179 (1999); also <http://www.gnu.org/copyleft/copyleft.html> (multiple “open source” standard form licenses); <http://creativecommons.org/about/licenses/> (standard forms for flavors of “some rights reserved” licensing); <http://www.gnu.org/> (“free software” standard form licenses).

Indeed, Congress has recognized that contract and copyright work together by expressly including contractual terms and conditions for

use in “copyright management information” that cannot be removed or altered without the authority of the copyright owner. 17 U.S.C. § 1202(c)(6).

Restricting the ability of private parties to use contract law for marketing copyrighted works would chill commerce and innovation to the ultimate detriment of the public. Yet that chilling effect is what the rights-restrictive approach seeks. The simple fact is that appellants freely made an ordinary, enforceable contract in which they promised not to engage in certain conduct, and with full knowledge of what they were doing, broke their promise. They should be held to the consequences of their actions.

B. There is no express preemption of contract law under Section 301 or DMCA with respect to reverse engineering or other conduct involved in this case.

A preemption analysis based on a statute begins with Congress’ expressed intent. Copyright Act § 301 states the scope of preemption of state laws creating rights in copyrighted works (and under DMCA). 17 U.S.C. § 301. This statement, along with a few expressly preemptive sections of the Act, states the full scope of preemption. It

leaves no room for inferring preemption through an alleged policy conflict.

In particular, the statutory formulation of “fair use” contains no preemptive language: “fair use” is simply a defense to an *infringement* claim, not a free standing *right*. 17 U.S.C. § 107; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994) (“fair use is an affirmative defense”).

Section 301 preempts state laws creating *rights* “equivalent” to copyright. State laws are not equivalent to copyright if they involve an extra element to establish the plaintiff’s rights beyond the proof required to show infringement. *National Car Rental Systems, Inc. v. Computer Associates Int’l, Inc.*, 991 F.2d 426 (8th Cir. 1993), *cert. denied*, 510 U.S. 861, 114 S.Ct. 176, 126 L.Ed.2d 136 (1993) (“If an extra element is required, instead of or in addition to the acts of reproduction, performance, distribution or display, . . . the right does not lie ‘within the general scope of copyright’ and there is no pre-emption.”). *Id.*, 991 F.2d at 421, *quoting* 1 NIMMER ON COPYRIGHT § 1.01[B] at 1-14-15.

This Court and others have held that copyright law does not preempt contract law. *National Car Rental, supra; Bowers v. Baystate Tech., Inc.*, 320 F.3d 1317 (Fed. Cir. 2003); *ProCD, supra*. In a contract claim, the extra element lies in proof of an agreement, the terms, and breach of those terms. The Federal Circuit recently held that copyright law neither preempts nor narrows a “no reverse engineering” contract term in a shrinkwrap license. *Bowers, supra*, 320 F.3d at 1326.

The parallel existence of copyright and contract reflects both their partnership and their fundamental difference: contract rights apply only between parties to the contract, while property rights are good against the world. “Just as § 301(a) does not itself interfere with private transactions in intellectual property, so it does not prevent states from respecting those transactions.” *ProCD, supra*, 86 F.3d at 1455. Based on this principle, the Seventh Circuit in *ProCD, supra*, rejected a claim that § 301 preempted a shrinkwrap license limiting use of data that was not protected under copyright law. The current case is an even clearer application of this principle.

In this case two contracts provide the required “extra element.” Under the end user license agreement, appellants agreed not to reverse engineer or remove any proprietary notices from Blizzard games without consent. Under the online terms of service, appellants agreed not to host or provide matchmaking services, not to emulate Blizzard communication protocols, not to use a utility program for network play, not to exploit Battle.net for a commercial purpose and not to use Battle.net to create any means for others to play Blizzard’s games. The contract claim alleges that appellants made and breached these promises. As in *National Car, supra*, that claim involves “extra elements” and is not preempted.

There is no contrary appellate authority and supporting case law is widespread. Indeed, the only case offered by appellants as being to the contrary is misleadingly cited. *Vault Corp. v. Quaid Software, Ltd.*, 847 F.2d 255 (5th Cir. 1988) did not involve preemption of an enforceable contract or preemption by the fair use doctrine. In *Vault*, the district court held that the shrinkwrap license was unenforceable under Louisiana law, but that a state statute

created rights *without a contract*. That ruling was not appealed. The Fifth Circuit held that the *statute* was preempted because it conflicted with privileges of the *owner* of a copy of a computer program under federal law. Here, in contrast, there is no such state statute; the defendant is a licensee, not an owner; and the District Court held the contract enforceable. *Vault* is not relevant here.

C. There is no implied preemption of contract under copyright law because there is no conflict.

Faced with a phalanx of judicial authority rejecting the rights-restrictive approach, appellants ask this Court to circumvent § 301 and create a rule that implied “conflict preemption” bars enforcement of contracts regarding reverse engineering. Section 301, however, shows that when Congress intended copyright to preempt state law it said so; § 301 leaves no room for implied preemption.

Moreover, a contract dealing with reverse engineering does not conflict with copyright policy in any case. Appellants claim reverse engineering is protected by policies so strong that they override the fundamental partnership between contract and copyright. All of the copyright cases cited by appellants on reverse engineering, however,

arise in the context of a *defense to infringement*, not to *contract breach*. None of the cases involved an enforceable license; they involved *owners* of copies. In this case, however, appellants were licensees, not owners. More important, they agreed not to reverse engineer the software. Reverse engineering “policy” does not justify ignoring promises.

No reported case holds that a reverse engineering defense preempts contractual rights. When faced with a breach of contract claim, courts routinely reject appellants’ preemption arguments and enforce “no reverse engineering” and like clauses in otherwise valid contracts. *E.g.*, *Bowers, supra*; *Dun & Bradstreet Software Servs. v. Grace Consulting, Inc.*, 307 F.3d 197, 216 (3d Cir. 2002); *Frontline Test Equipment, Inc. v. Greenleaf Software, Inc.*, 10 F.Supp.2d 583 (W.D. Va. 1998). To hold otherwise would be to reject established case law and elevate narrow reverse engineering policy over other rights and privileges that clearly can be modified between contracting parties.

Indeed, there is no “reverse engineering” defense as such. The only basis on which reverse engineering has been upheld as a defense

to infringement is under the fair use doctrine in 17 U.S.C. § 107. However, there is no express preemptive language in Section 107 that says fair use would overturn contracts. Nor is there anything in the factors required to establish fair use which remotely supports the startlingly broad preemption that appellants request. Fair use is a *defense* to infringement, not a statutory *right*. *Campbell, supra*, 510 U.S. at 590 (“fair use is an affirmative defense”); *Harper & Row, supra*, 471 U.S. at 549 (fair use “traditionally defined as a ‘privilege’”); also Lorin Brennan, *The Public Policy of Information Licensing*, 36 HOUS. L.R. 31, 97-103 (1999). One cannot walk into a bookstore and demand a right to fair use of the books on display. Fair use is an affirmative defense that can be waived.

The Supreme Court has repeatedly held that “[a]bsent some affirmative indication of Congress’ intent to preclude waiver, we have presumed that statutory provisions are subject to waiver by voluntary agreement of the parties.” *United States v. Mezzanatto*, 513 U.S. 196, 201, 115 S.Ct. 797, 130 L.Ed.2d 697 (1995); *Shutte v. Thompson*, 82

U.S. 151, 159, 21 L.Ed. 123 (1873) (“A party may waive any provision, either of a contract or of a statute, intended for his benefit”).

If this Court were to hold that a fair use defense preempts enforcement of private contracts, it would elevate fair use to a status exceeding clearly more important, but waivable, interests grounded in constitutional rights. For example, all of the following are waivable:

- The Fourth Amendment right against unreasonable searches. *United States v. Matlock*, 415 U.S. 164, 94 S.Ct. 988, 39 L.Ed.2d 242 (1974).
- The Fifth Amendment right against self-incrimination. *Lego v. Twomey*, 404 U.S. 477, 92 S.Ct. 619, 30 L.Ed.2d 618 (1972).
- The right to trial by jury. *Boykin v. Alabama*, 395 U.S. 238, 243, 89 S.Ct. 1709, 23 L.Ed.2d 274 (1969).
- The First Amendment right to free speech can be waived by agreeing not to disclose information. *Cohen v. Cowles Media Co.*, 501 U.S. 663, 111 S.Ct. 2513, 115 L.Ed.2d 586 (1991) (First Amendment did not immunize newspaper from breach of a contract to keep source confidential).

But according to appellants and their *amici*, one cannot waive the fair use defense through an enforceable contract!

Turning specifically to the copyright statute, courts routinely enforce contracts with terms different from the rights or exemptions in copyright law. This reflects the fundamental difference between property and contract. Contracts define the bargain between two parties. That bargain is not limited to the terms of property law.

Contracts related to subject matter *entirely* excluded from copyright are enforced:

- Courts enforce standard form contract restrictions on use of factual information, even though facts are excluded from copyright protection. *E.g.*, *ProCD, supra*; *Register.com v. Verio, Inc.*, 356 F.3d 393 (2nd Cir. 2004).
- Courts enforce contracts limiting disclosure of ideas, even though ideas are excluded from copyright. *E.g.*, *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446 (6th Cir. 2001), *cert. denied*, 534 U.S. 1114, 122 S.Ct. 921, 151 L.Ed.2d 885 (2002); *Nadel v. Play-by-Play Toys & Novelties, Inc.*, 208 F.3d 368 (2nd Cir. 1999).

Appellants do not explain why contract terms limiting a party's ability to deal with subject matter expressly excluded from copyright protection are enforceable, but contracts that *might* adjust a fair use defense are not. Nor can they. Excluding subject matter from copyright protection does not prevent enforcement of a contract

regarding that subject matter. The two entail different claims with different remedies and different legal bases.

The fact is, while the Copyright Act grants authors property rights in their works and establishes various privileges to use them without infringing, it also encourages parties to determine by contract how they will exercise those rights and privileges. For example:

- The exclusive rights of copyright can be transferred by contract. 17 U.S.C. § 201(d).
- Section 108 creates a “library privilege,” but does not supersede contracts. *American Geophysical Union v. Texaco, Inc.*, 802 F.Supp. 1, 7 (S.D.N.Y. 1992), *aff’d*, 37 F.3d 881 (2nd Cir. 1994) (discussing suggestion to manage privilege by private licensing).
- Sections 109 and 117, the “first sale” and “computer use” provisions, allow certain uses by the owner of a copy, but contract determines when a transfer of ownership occurs. *DSC v. Pulse Communications, Inc.*, 170 F.3d 1354 (Fed. Cir. 1999) *cert. denied* 528 U.S. 923, 120 S.Ct. 286, 145 L.Ed.2d 240 (1999).
- Libraries often obtain private papers under contracts limiting use and public comment. *Wright v. Warner Books, Inc.* 748 F.Supp. 105, 114 (S.D.N.Y. 1990), *aff’d*, 953 F.2d 731, 741 (2nd Cir. 1991).
- Parties can agree to keep subject matter confidential even if the disclosure might be “fair use.” *Dun & Bradstreet, supra*; Raymond T. Nimmer, *THE LAW OF COMPUTER TECHNOLOGY* ch. 3 (West, 1997, 2004) and cases cited.

- Software licenses often restrict the making of copies and other conduct that might constitute fair use. *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511 (9th Cir. 1993), *cert. dismissed*, 510 U.S. 1033, 114 S.Ct. 671, 126 L.Ed.2d 640 (1994).
- Parties can enter into private contracts to alter their rights in “electronic compilations” under § 201(c). *N.Y. Times Co. v. Tasini*, 533 U.S. 483, 505-506, 121 S.Ct. 2381, 150 L.Ed.2d 5 (2001).

Like any of these other provisions, “[private] parties are free contractually to forego the limited ability to reverse engineer a software product under the exemptions of the Copyright Act.” *Bowers, supra*, 320 F.3d at 1325-1326. Any other holding would throw vast areas of routine copyright contracting into disarray and undermine copyright policy, to the detriment of the public.

II. THE CONTRACTS AT ISSUE ARE ENFORCEABLE UNDER NORMAL CONTRACT LAW AND SHOULD NOT BE DISTURBED BY A RIGHTS-RESTRICTIVE APPROACH.

Appellants also ask this Court to invalidate the “shrinkwrap” and “clickwrap” contracting model used by both parties in this case. Such a result would break from commercial practice and widespread

authority, rejecting cases that are grounded in proper contract and copyright theory. This Court should refuse to do so.

A. Standard form licenses are widely used in commerce and enforced by a long line of case law; this Court should not reject those cases and commercial practice.

Modern contract law, including the common law, the Uniform Commercial Code, and the Uniform Computer Information Transactions Act, routinely enforces standard form, shrinkwrap and clickwrap licenses. *See Register.com, supra; Bowers, supra; ProCD, supra; Nimmer, COMPUTER TECHNOLOGY, supra* at §§ 5.03 (collecting cases); Robert A. Hillman & Jeffrey J. Rachlinski, *Standard-Form Contracting in the Electronic Age*, 77 N.Y.U. L. REV. 429 (2002); Robert W. Gomulkiewicz and Mary L. Williamson, *A Brief Defense of Mass Market Software License Agreements*, 22 RUTGERS COMP. TECH. L.J. 335 (1996).

Lacking case law support for a rights-restrictive approach, appellants label all shrinkwrap and clickwrap agreements as “pernicious” and “contracts of adhesion.” *Appellants Brief* at 5 and 8. But merely labeling a contract as one of “adhesion” does not make it unenforceable.

Carnival Cruise Lines, Inc. v. Shute, 499 U.S. 585, 111 S.Ct. 1522, 113 L.Ed.2d 622 (1991) (forum selection clause in consumer “contract of adhesion” enforceable because otherwise reasonable). Moreover, appellants ignore the broad social and commercial value of standard form agreements, and the long practice of courts in routinely enforcing them as significant methods of doing business. *See Hilman & Rachinski, supra*; Nimmer, *COMPUTER LAW, supra* at § 5.03[4][b]; Lorin Brennan, Holly K. Towle, Joel Rothstein Wolfson, *THE COMPLETE UCITA* § 208[C][2] (West/Glasser 2005) (reviewing case law on standard form licensing). To adopt appellants’ view would require this Court to reject this long line of judicial authority, seriously disrupting commonly accepted practices in myriad modern industries.

Most contracts involve one party presenting and another assenting to terms of a standard form. Such forms are routinely held to create enforceable contracts subject to ordinary contract law limitations such as unconscionability. *Carnival Cruise, supra*, 499 U.S. at 593; *Hill v. Gateway 2000*, 105 F.3d 1147 (7th Cir. 1997); Holly K. Towle, *The Politics of Licensing Law*, 36 HOUS. L. REV. 121, 154-160 (1999). Standard

form contracting is vital to modern commerce, including the computer game, software, online, cellular phone, airline, insurance, and other industries. Practical business realities make it unrealistic for parties to negotiate terms for each customer contract. *Bischoff v. Direct TV, Inc.* 180 F.Supp.2d 1097, 1105 (C.D. Cal. 2002); *accord Hill, supra*, 105 F.3d at 1149 (“[C]ashiers cannot be expected to read legal documents to customers before ringing up sales. . . . Customers as a group are better off when vendors skip costly and ineffectual steps such as telephonic recitation, and instead use a simple approve-or-return device. Competent adults are bound by such documents, read or unread.”). Standard form contracts reduce costs for all and often include terms benefiting both parties. They protect the property of the copyright owner and their terms often enable licensees to do things not permitted by the bare statutory privileges in copyright law.

B. Appellants’ unsupportable distinction between “negotiated” and “non-negotiated” contracts should be rejected.

Appellants’ attempt to avoid their contractual obligations based on a purported distinction between a “negotiated” and a “non-negotiated”

contract has no grounding in law or practice. *See* Joel. R. Wolfson, *Contract and Copyright Are Not At War: A Reply To “The Metamorphosis of Contract Into Expand”*, 87 CAL. L. REV. 79 (1999).

There is no requirement that parties dicker over every word before they can make an enforceable contract. *Carnival Cruise Lines*, 499 U.S. at 593. “Ours is not a bazaar economy in which the terms of every transaction, or even of most transactions, are individually dickered; even when they are, standard clauses are commonly incorporated in the final contract, without separate negotiation of each of them.” *Monsanto Company v. McFarling*, 302 F.3d 1291, fn. 3 (Fed. Cir. 2002), *cert. denied*, 537 U.S. 1232, 123 S.Ct. 1357, 155 L.Ed.2d 196 (2003). Moreover, there is no showing that any “negotiation” would have changed any contract to appellants’ liking in any case.

Appellants provide no coherent preemption rationale and no standards under which a court can pick and choose which terms to enforce and which to ignore under their approach. If an owner offers to sell her car for \$10,000, is the price unenforceable because she refuses to negotiate it? Would the terms be unenforceable if they

were for the license of a copyrighted work and she refused to negotiate the license fee? Certainly not. Standard forms perform the same function: they state the terms under which the licensor is willing to license access to and use of the copyrighted work. There is utility to both parties in making terms available without costly negotiation in each case. In fact, individual negotiations in the mass market would be cost prohibitive and not feasible in the real world. *Hill*, 105 F.3d at 1149; *Bischoff*, 180 F.Supp.2d at 1105.

Appellants in reality ask this Court to hold that copyright owners cannot contract for any conditions on use of their works on terms different from the literal language of copyright's property law rules. If, as appellants' claim, reverse engineering "impliedly" preempts contract without any express preemption language in the statute, why do not all other copyright rules "impliedly" preempt contracts as well? But such an extreme holding would place this Court far outside modern law and policy.

Copyright law cannot be converted to a federal précis of contract terms for distribution of copyrighted works. It is property law. It contemplates that property owners will contract for terms in the market.

C. Contract law doctrines provide for controls against abusive terms, obviating any need for a sweeping preemption.

There is no need for a sweeping preemption of contract terms addressing reverse engineering or fair use; market forces and normal doctrines of contract law provide sufficient bases to reject contract terms that are overreaching. The fact that parties propose private arrangements does not mean that markets will embrace them or that contract law will enforce them. There are many doctrines limiting the enforceability of private contracts, such as fraud, mistake, good faith and unconscionability. And even if an enforceable contract is found, the remedies for contract breach are qualitatively different from, and often more limited than, those for copyright infringement. *Wrench, supra*, 256 F.3d at 456-457. The point is that contract law contains its own “balancing” rules and markets pass their own

judgment without the need for the draconian preemption of all copyright contracts that appellants propose.

Indeed, in this case, the District Court, at appellants' urging, duly applied standard contract law and found that Blizzard's shrinkwrap and clickwrap contracts were valid and enforceable. The District Court found the contracts were duly formed and that appellants assented to their terms. This holding has not been appealed. The District Court examined the contracts for unconscionability, and found none. That conclusion was not appealed. It also considered an allegation of copyright misuse and found none. That also has not been appealed. *Amici* Consumers Union and Public Knowledge raise general public policy as an issue, but contract law also accounts for that. *See Restatement (Second) of Contracts* § 178. More to the point, appellants also have not raised that issue on appeal.

III. THE DISTRICT COURT CORRECTLY RULED THAT APPELLANTS VIOLATED DMCA.

The DMCA is one of the most significant statutory enactments in reference to copyrighted works in our generation. Modern technology

weakens copyright owners' ability to police the use and prevent the pirating of their works because digital systems can perfectly and rapidly copy and disseminate them. *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 436 (2d Cir. 2001). DMCA § 1201(a) responds to this reality by protecting the use of technological measures that regulate access to copyrighted works. Appellants' conduct is the exact type of behavior that Congress intended to regulate in the DMCA. Appellants argue that the Court should adopt a restrictive approach that Congress rejected. The District Court properly held that appellants violated DMCA §§ 1201(a)(1)(A) and 1201(a)(2).

A. DMCA protects a right to regulate access that is vital in the digital age.

DMCA § 1201(a) protects technological measures that regulate access to works.¹ Regulating "access" is an important tool in modern commerce recognized in various bodies of law independent of legal sanctions against copyright infringement. *See* Raymond T. Nimmer,

¹ Section 1201(b) protects technology used to prevent copying and other violations of the copyright owner's exclusive rights.

INFORMATION LAW §§ 2:15-2:23 (1996, 2004); *EBay, Inc. v. Bidder's Edge, Inc.*, 100 F.Supp.2d 1058, 1071 (N.D. Cal. 2000) (right to regulate access is a fundamental property right). The rights-restrictive policy urged by appellants rejects the idea of access control. But Congress recognized and enacted this right in DMCA; the policy choice Congress made controls.

The Congressional goal was to support dissemination of copyrighted works by enabling copyright owners to control and protect copyright owners' choices of how to distribute their works. When "copyrighted material is adequately protected in the digital environment, a plethora of works will be distributed and performed over the Internet." H.R. Rep. 105-551, part 1, at 10.

Here, Blizzard controlled access to the Battle.net mode in order to maintain an online, multi-user experience where players could be confident of the integrity of the game. The resulting game experience is enjoyed by millions. Appellants claim a right to undermine that system for their own purposes. That claim should be rejected. If pirates can freely break technological locks that they have agreed to

respect, the system falters at a loss to copyright authors and the public.

B. Appellants' conduct was equivalent to breaking a lock and is prohibited by DMCA.

Section 1201(a) protects technological measures regulating access. It establishes legal sanctions to deter break-ins to “locked” works and to control distributing lock-picking devices. S. Rep. No. 105-190 (1998), at 11 (“This is roughly analogous to making it illegal to break into a house using a tool, the primary purpose of which is to break into houses.”).

The Second Circuit has analogized DMCA to laws recognizing the right of a property owner to place fences or walls around the owner’s property and to prevent access to the property by unauthorized persons who break through or go around those fences. *Universal City Studios, supra*, 273 F.3d at 452. Another court noted that § 1201(a) was a “Congressional decision to create liability . . . for making, using, or selling a ‘key’ that essentially enables a *trespass* upon intellectual property. . . .” *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1198 (Fed. Cir. 2004); *also* Raymond T.

Nimmer & Holly K. Towle, *THE LAW OF COMMERCIAL ELECTRONIC TRANSACTIONS*, § 3.06[2] (2003, 2005).

Appellants broke through Blizzard's lock. They then distributed a means enabling others to do so. This behavior falls squarely within DMCA prohibitions. *See RealNetworks, Inc. v. Streambox, Inc.*, 2000 WL 127311 (W.D. Wash. 2000) ("Secret Handshake" was protected technological measure); *Sony Computer Entertainment America, Inc. v. Gamemasters*, 87 F.Supp.2d 976 (N.D. Cal. 1999) (codes limiting to use in specific geographical areas); *Pearl Investments, LLC v. Standard I/O, Inc.*, 257 F.Supp.2d 326, 349-50 (D. Me. 2003) (password-protected network); *321 Studios v. Metro Goldwyn Mayer Studios, Inc.*, 307 F.Supp.2d 1085 (N.D. Cal. 2004) (keys to unlock access to DVD contents).

The right protected by DMCA § 1201(a) is a right to control access. The threat to copyright owners is real; the approach Congress adopted in DMCA responds to that threat. It provides legal protection for private decisions to control access and, separately, copying of the protected work.

C. Computer programs are copyrightable works protected by DMCA access controls.

DMCA protects technological measures that control access to a copyrightable work. 17 U.S.C. § 1201(a). In this case, the subject matter was a complex computer game program. Courts routinely hold that computer programs, including programs in machine code, are copyrightable unless they are so narrow as to be excluded under ordinary copyright law exclusions for mere ideas or processes lacking expressive content. Copyright protection is not defeated by the fact that the program causes processes or electronic activities.² *Stern Electronics, Inc. v. Kaufman*, 669 F.2d 852, 855 (2d Cir. 1982) (game graphics); *Apple Computer, Inc. v. Formula Intern. Inc.*, 725 F.2d 521 (9th Cir. 1984) (operating system); *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033, 104 S.Ct. 690, 79 L.Ed.2d 158 (1984) (operating system); Nimmer, COMPUTER LAW, *supra* at § 1:37. The copyrightability of computer programs was

² While Appellants cite *Static Control v. Lexmark*, 387 F.3d 522 (6th Cir. 2004) for the proposition that the program is not copyrighted, the portion of *Lexmark* that concerns copyrightability deals with a very brief “lock out” code.

settled long ago in Congress and in the courts. Controlling access to copyrighted computer programs with a technological measure is within the scope of the DMCA.

Whether the “handshake code” of Blizzard’s system is copyrightable is beside the point. The handshake code is the technological measure that regulates access. The access device need not be copyrightable. It suffices that the access-controlled subject matter is copyrightable. In this case, that subject matter is the game program in its Battle.net variation, a complex computer game that is the subject of a valid copyright registration.

A copyright registration certificate is *prima facie* evidence of ownership and originality. 17 U.S.C. § 401(c); *Southern Bell Tel. & Tel. v. Associated Telephone Directory Publishers*, 756 F.2d 801, 811 (11th Cir. 1985). The only argument appellants advance to rebut this presumption is a claim that the game program causes functions to occur in use of the game. But the fact that code causes a computer to function does not disqualify it from copyright protection and, thus, does not rebut the effect of the registration. *Stern Electronics*,

669 F.2d at 856-857. All computer programs cause computers to perform, but computer programs are copyrightable works.

D. A technological measure that selectively restricts access is protected by DMCA.

Some access control measures preclude all access unless authorization is provided; others preclude some forms of access, while not dealing with others. There is no basis to distinguish among these. They all are within DMCA protection.

Section § 1201(a) prohibits circumvention for the purpose of *unauthorized access*. *Chamberlain, supra*, 381 F.3d at 1193. In *Chamberlain*, there was a significant issue about authorization because there were no contractual limits or notice of restrictions on access. In contrast, in this case appellants twice agreed to terms specifically precluding the conduct in which they engaged. If contract terms are not sufficient to indicate lack of authorization, what is? Agreed limitations on access reinforced by technological controls are precisely what Congress contemplated for application of DMCA.

DMCA prohibits circumvention (or trafficking in circumvention technology) only if a technological measure “effectively controls access to a work.” Under the statute, a “technological measure” effectively controls access if it “in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.” 17 U.S.C. § 1201(a)(3)(B). This does not require that the measure be impenetrable or control all forms of access. *Universal City Studios, supra*, 273 F.3d at 438. The statutory language focuses on how the measure functions in the “ordinary course of *its* operation.” *Pearl Investments, supra*, 257 F.Supp.2d at 349 (VPN effectively controlled access even though alternative means of access was available).

Here, in its ordinary use, the technological measure (handshake) controls access to the Battle.net mode of the program. This is an “effective” technological measure even though users of the game can access a different form of the game without the handshake.

Appellants rely on *Static Control, supra*, but *Static Control* is readily distinguishable. That case dealt with use of a lock-out code

that controlled use of printer hardware and cartridges. The protected target and purpose of the technology was use of hardware, and the court viewed this as inappropriate for DMCA. In this case, the protected work is copyrighted. Controlling access to it is the primary purpose. This is a simple and intended application of DMCA.

Even if *Static Control* might apply, this Court should reject it as wrongly decided. It adds a requirement to the statute that is not present in the statutory language. Appellants apparently argue that once there is any access to a work,³ DMCA becomes inapplicable. But that is like arguing that in a Laundromat once thirty minutes of drying time is purchased, laws preventing unauthorized use become irrelevant. Congress was aware of this argument and rejected it. If

³ They cite the following legislative history: “[Paragraph (a)] does not apply to the subsequent actions of a person once he or she has obtained authorized access to a copy of a work . . . even if such actions involve circumvention of other types of technological protection measures.” Appellant Brief at 59. But this language refers to “authorized” access. It simply explains the two different types of circumvention under Section 1201 – one governed by paragraph (a) (access measures) and another (“rights protection devices”) referred to in the sentence as “other types of technological protection measures” and governed separately by Section 1201(b).

accepted, appellants' argument might mean that a measure preventing unauthorized digital access would be stripped of protection if the code could be read manually by printing it. Neither result is justifiable in light of Congressional purpose, the statutory language, or the legislative history of DMCA. Further, neither result is consistent with the statutory mandate that a technological measure be judged in terms of its ordinary operation.

If a person locks the front and back doors of her house, but fails to bar a window, does that mean that in ordinary operation, the door locks are not effective technological measures? Certainly not. In their ordinary operation, the door locks control access to the house *through the doors* and breaking through them is wrongful. That function is not defeated by the fact that it can be circumvented (bypassed) by a thief breaking a window to access the home.

So too here: the handshake, in its ordinary operation is a technological measure effectively controlling access to the Battle.net mode of the program and online service. There is no indication that Congress intended to reject the ordinary meaning of "access": an access control

measure includes a measure that in its ordinary operation controls use of the copyrighted work. The ordinary, customary meaning of the term “access” is the “ability to enter, to obtain, or to *make use of*.” *Merriam-Webster’s Collegiate Dictionary* 6 (10th ed.1999) (emphasis added).

Agreements and technological restrictions on permitted use are common. Nothing in DMCA suggests that a technological measure must prevent all access in all forms at all times. Indeed, DMCA defines “circumvention”, the illegal act, to include “avoiding” or “by-passing” the technological measure – that is, accessing the protected work by going around the measure and using another means of access. 17 U.S.C. § 1201(a)(3)(A). Appellants would have the Court ignore that “by-passing” is also circumvention by holding that, if there are other means of access, then there is no effective technological control measure present. But that would turn the statute and the concept of “by-pass” on its head.

E. Section 1201(f) does not provide a defense to the DMCA claim.

Appellants’ conduct fails to meet the defense in § 1201(f). Appellants reverse engineered to enable infringing uses and to create

an infringing work, rather than to enable independently created non-infringing programs to operate together. Applying § 1201(f) to protect this conduct would eviscerate DMCA.

Section 1201(f) provides a defense to § 1201(a) for *some* reverse engineering. While Appellants cite *Chamberlain* and *Static Controls*, hinting that these cases affirmed a reverse engineering defense, neither court addressed § 1201(f) in its holding. In fact, § 1201(f) does not exempt *all* reverse engineering or even all reverse engineering that would be fair use. To qualify for exemption, the reverse engineering must be a fair use *and also* meet the other criteria. Appellants' conduct fails to do so.

First, § 1201(f) applies only if a party “lawfully obtained” the right to use a computer program. Appellants did not obtain the right lawfully to use the program for reverse engineering or in the Battle.net mode. Indeed, those uses were precluded by two contracts to which appellants agreed.

Second, § 1201(f) exempts reverse engineering only when necessary to allow interoperability of an “independently created” program. While

this term is not defined, it cannot include programs that infringe the work of another. Appellants' online program infringes appellee's program. *See* ¶ 1 of the March 18, 2004 Consent Decree. But "independently created" excludes more than infringing works. As the District Court held, the language excludes programs intended to emulate and be a functional substitute for the copyright owner's program. Here, the reverse engineering went beyond that necessary to understand those *elements* of those portions of the program *necessary* for interoperability. Appellants used it to *replicate* every aspect of the protected program, creating an infringing, online replica. Appellant's conduct was not intended to facilitate mere "interoperability" of an "independently created" program, but to facilitate admitted infringement of Blizzard's copyright-protected game. Nothing in Section 1201(f) sanctions such conduct.



CONCLUSION

This case involves an important application of the express Congressional policy to protect the choices of copyright owners and the legislatively rejected views of those who would restrict the rights of copyright

owners in ways that are dangerous to the preservation of those rights and to maintaining incentives for innovation. This Court should affirm the District Court in all respects.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

The undersigned hereby certifies that this brief complies with Fed.R.App.P. 32(a)(7)(B). It contains 6,939 words, excluding the parts of the brief exempted by Fed.R.App.P. 32(a)(7)(B)(iii); has been prepared in proportionally spaced typeface using Microsoft Word 2002 in 14 point New Century Schoolbook font; and includes a virus free 3.5" floppy disk in .pdf format.

Dated: March 2, 2005

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the **BRIEF OF TWENTY-SECOND CENTURY FOUNDATION, INC. AND SOFTWARE & INFORMATION INDUSTRY ASSOCIATION AS *AMICI CURIAE* IN SUPPORT OF APPELLEE AND AFFIRMANCE** was duly served upon the following, by forwarding two copies of the Brief and a 3.5" diskette containing a .pdf version of the Brief via overnight courier addressed to:

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Additionally, the original and nine copies of the Brief and one 3.5" diskette containing a virus-free .pdf copy of the Brief, also have been sent via overnight courier for next business day delivery to:

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Done this 2nd day of March, 2005

STATEMENT OF AUTHORIZATION

The following are true and correct copies of the e-mails received from each of the parties consenting to this Brief:

Appellants:

From: Jason Schultz [<mailto:jason@eff.org>]
Sent: Tuesday, February 01, 2005 6:55 PM
To: Nimmer, Raymond T
Cc: Paul Grewal
Subject: Re: Blizzard/ Davidson case

Ray,

Sorry for the delay in returning your email. We will consent to the filing of your brief. As a courtesy, we would ask that you send us an electronic or fax copy on the day that you file.

Best,
Jason

On Feb 1, 2005, at 4:14 PM, Nimmer, Raymond T wrote:

- > Jason
- > As I mentioned in an earlier e-mail, the 22nd Century Foundation plans to file an amicus brief supporting the view that there is no copyright preemption of contract and that DMCA reverse engineering exemptions do not apply.
- > I earlier asked whether, pursuant to prior discussions with opposing counsel or otherwise, you are in a position to consent to our filing of this brief. While the issues are ones on which our views may differ, I hope that goal of ensuring that the court hears all relevant positions will enable you to consent as, I understand, the Appellee has consented to other amicus briefs favoring your side.
- > Please let me know as soon as possible.
- > Ray Nimmer

- > Raymond Nimmer
- > Leonard Childs Professor of Law
- > University of Houston Law Center
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Appellees:

-----Original Message-----

From: Abramov, Kirill Y. [mailto:kabramov@sonnenschein.com]

Sent: Monday, February 21, 2005 10:46 AM

To: RNimmer@Central.UH.edu

Subject: Amicus Brief in Davidson & Associates et al. v. Internet Gateway et al.

Dear Professor Nimmer,

Please accept this email as a grant of consent by Appellees for you to file an amicus brief in the above referenced appeal in the Eighth Circuit.

Please feel free to contact me with any questions.

Regards,

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