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## *Federal Circuit Addresses Controversial Issue in DMCA by Limiting Scope of Anti-Circumvention Provisions*

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### **Introduction**

In a case of first impression, the Federal Circuit ruled on August 31, 2004 that the anti-circumvention provisions of the Digital Millennium Copyright Act (17 U.S.C. §1201 et. seq.) ("DMCA") do not create a new property right and are instead limited to a new form of liability for acts that facilitate violations of the Copyright Act. *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 2004 WL 1932660 (Fed. Cir. 2004).<sup>1</sup> Under the Federal Circuit's interpretation of the DMCA, the act of circumventing an access control device (such as breaking an encryption scheme) is not a violation of the DMCA unless the act of circumvention bears a reasonable relationship to the protections that otherwise exist under the Copyright Act. This

ruling may call into question several district court decisions in which preliminary injunctions were issued under the DMCA's anti-circumvention provisions, including one such decision currently on

appeal in the Sixth Circuit. It may also pave the path for challenges to the anti-circumvention provisions based upon other rights or limitations in the Copyright Act such as "fair use" or copyright misuse or even the right to make back-up copies.

### **Background**

Chamberlain manufactures garage door openers, which generally consist of a portable transmitter (the clicker) that sends signals to a device mounted in a homeowner's garage to cause the device to open the garage door (the opener). To prevent thieves from capturing signals from a clicker and later using them to open a garage door, Chamberlain developed a clicker that uses a "rolling code," which means that the signal sent by the clicker varies according to a predetermined code. If a garage door is opened using a certain signal, then the clicker must send the next signal in the "rolling code" to open the door again. The opener will ignore signals that are the same as previously sent signals or that do not follow the sequence required by the "rolling code."

However, Chamberlain recognized that a clicker and opener could become unsynchronized (e.g., the clicker may be pressed out of range of the opener causing the clicker to switch to the next signal in the "rolling code" while the opener is still expecting the previous signal). Chamberlain therefore built-in a resynchronization process. If an opener receives an

incorrect signal but then immediately receives a second signal, it will compare the two signals. If applying the “rolling code” to the first signal yields the second signal as the next proper signal in the “rolling code” sequence, then the opener will accept the two signals as a resynchronization signal. This will cause the opener to accept the second signal as valid and open the garage door.

Skylink manufactures universal garage doors, including universal clickers that will work with any opener. To enable its universal clicker to work with Chamberlain’s opener, Skylink took advantage of Chamberlain’s resynchronization process. When a Skylink clicker is pressed, it automatically sends two signals that will trigger the resynchronization process and cause the Chamberlain opener to open the garage door.

### **Chamberlain’s DMCA Claim**

Chamberlain sued Skylink alleging that Skylink violated Section 1201(a)(2) of the DMCA by trafficking in a circumvention device. Section 1201(a)(2) prohibits the manufacture of any device that:

is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title.<sup>2</sup>

Chamberlain argued that the software used to control its opener is protected under the Copyright Act and that the “rolling code” portion of the software is a technological measure that controls access to the software. According to Chamberlain, the clickers manufactured by Skylink bypass the “rolling code” portion of the control software in order to access the software and cause it to open the garage door. Therefore, bypassing the “rolling code” circumvents a technological measure for controlling access in violation of the DMCA.

Chamberlain did not sue Skylink for copyright infringement because Skylink did not copy the control software in Chamberlain’s openers. The Skylink clickers do not contain any portion of that software.

### **Federal Circuit’s Analysis**

The Federal Circuit concluded that a copyright owner seeking relief under the anti-circumvention provisions of the DMCA must demonstrate a “reasonable relationship” between an act of circumvention and the protection of rights under the Copyright Act. According to the Federal Circuit, the DMCA “does not create a new property right for copyright owners,” but rather it creates “new grounds of liability.” In other words, the act of circumvention must be tied to an act of infringement. Otherwise, the mere act of circumvention is not a violation of the DMCA.

The Federal Circuit identified the elements of an anti-circumvention claim under the DMCA as follows:

A plaintiff alleging a violation of § 1201(a)(2) must prove: (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*. A plaintiff incapable of establishing any one of elements (1) through (5) will have failed to prove a *prima facie* case. A plaintiff capable of proving elements (1) through (5) need prove only one of (6)(i), (ii), or (iii) to shift the burden back to the defendant. At that point, the various affirmative defenses enumerated throughout § 1201 become relevant.<sup>3</sup>

Notably, the Federal Circuit determined that the plaintiff has the burden of showing that access took place without authorization as opposed to the defendant having to prove that access was

authorized. This differs from the standard for establishing copyright infringement, in which authorized use is an affirmative defense.

In reaching its decision, the Federal Circuit relied heavily on Section 1201(c) of the DMCA, which states “[n]othing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.”<sup>4</sup> The Federal Circuit was particularly concerned about avoiding an interpretation of the anti-circumvention provisions that would render useless the “fair use” principles under the Copyright Act, as well as antitrust and copyright misuse limitations that are applicable to copyrights. The Federal Circuit acknowledged that its articulated standard of “reasonable relationship” may create some uncertainty, but concluded that it is the only way to maintain the balance established by Congress between the legitimate interests of copyright owners with those of consumers of copyrighted products.

Applying its analysis to the case, the Federal Circuit ruled that Chamberlain failed to establish the critical nexus between access and protection. Chamberlain did not allege any form of copyright infringement and did not explain how access provided by the Skylink clicker facilitates infringement of any rights protected by the Copyright Act. In addition, the Federal Circuit ruled that Chamberlain did not meet its burden of establishing lack of authorization, as required by the fourth element articulated by it. In fact, the Federal Circuit suggested that there was no way that Chamberlain could have met this burden because of its conclusion that “[c]onsumers who purchase a product containing a copy of embedded software have the inherent legal right to use that copy of the software” and that right could not be revoked by Chamberlain.

### **Relationship to Other Cases**

The Federal Circuit’s decision may call into question several district court decisions that have issued preliminary injunctions under the anti-circumvention provisions of the DMCA. See

*Lexmark International, Inc. v. Static Control Components, Inc.*<sup>5</sup> (granting preliminary injunction under DMCA against replacement printer toner cartridges that circumvent access control mechanism on printer; currently on appeal in the Sixth Circuit), *Sony Computer Entertainment America Inc. v. Gamemasters*<sup>6</sup> (granting preliminary injunction under DMCA against product that circumvents access control mechanism in video game console), and *RealNetworks, Inc. v. Streambox, Inc.*<sup>7</sup> (granting preliminary injunction under DMCA against product that circumvents access control and copy protection mechanism for streaming video). In these cases, the district courts interpreted the DMCA anti-circumvention provisions in a manner that appears to contradict the Federal Circuit’s interpretation. However, the Federal Circuit distinguished these cases on the basis that the acts of circumvention in those cases were related to rights protected by the Copyright Act. In particular, the plaintiffs in those cases alleged corresponding acts of copyright infringement.

### **Conclusion**

The Federal Circuit’s decision in *Chamberlain* is important for its attempt to reconcile what many perceived to be a conflict between the anti-circumvention provisions of the DMCA and the legitimate rights of copyright users. However, it remains to be seen how significant the effect of this case will be or how this balance will ultimately be struck. It will be interesting to see how the Sixth Circuit addresses the *Chamberlain* case in the appeal of the *Lexmark* case cited above. In addition, given the importance of the issues underlying this case, the Supreme Court may grant *certiorari*, either for the *Chamberlain* case or for the *Lexmark* case, especially if there is a significant conflict between the two decisions.

In the meantime, the Federal Circuit’s decision puts copyright owners on notice that they may be required to establish a “reasonable relationship” between acts of circumvention and the Copyright laws in order to benefit from the anti-circumvention provisions of the DMCA. This may

require little more than careful pleading on their part (*i.e.*, to always include a corresponding claim of copyright infringement to support any claim under the anti-circumvention provisions). However, the *Chamberlain* decision suggests that this requires more than the technical existence of a claim of copyright infringement. This decision indicates a willingness by the Federal Circuit to scrutinize the legitimacy of the corresponding infringement claim in light of the principles of the Copyright Act. Otherwise, as the Federal Circuit explained, “any manufacturer of any product [would be allowed] to add a single copyrighted sentence or software fragment in a trivial ‘encryption’ scheme, and thereby gain the right to restrict consumers’ rights to use its products in conjunction with competing products.” This proposition was rejected by the Federal Circuit. Finally, the Federal Circuit’s decision may pave the path for challenges to the DMCA’s anti-

circumvention provisions based upon existing rights or limitations under the Copyright Act, such as the right to make back-up copies, the principle of “fair use” or the doctrine of misuse. Challenges of these types may significantly limit the scope of protection afforded to copyright owners under the anti-circumvention provisions of the DMCA.

### Endnotes

- <sup>1</sup> Because internal page publication references are not currently available for this case, end of sentence citations to this case are omitted.
- <sup>2</sup> 17 U.S.C. § 1201(a)(2).
- <sup>3</sup> Emphasis in original.
- <sup>4</sup> 17 U.S.C. §1201(c)(1).
- <sup>5</sup> 253 F. Supp. 2d. 943 (E.D.Ky. 2003).
- <sup>6</sup> 87 F. Supp. 2d 976 (N.D. Cal. 1999).
- <sup>7</sup> 2000 WL 127311 (W.D.Wash 2000).

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