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WHY A DVD IS LIKE A GARAGE DOOR OPENER: THE  
FEDERAL CIRCUIT TACKLES THE DMCA IN  
*CHAMBERLAIN GROUP V. SKYLINK TECHNOLOGIES*

INTRODUCTION

In 1998 Congress enacted wide-sweeping legislation designed to protect copyrighted works in the digital domain and to encourage electronic commerce.<sup>1</sup> This legislation was entitled the Digital Millennium Copyright Act (“DMCA”). One part of the DMCA enabled copyright owners to protect digital versions of their works by such techniques as encryption and to stop those who circumvented those protections or sold devices to circumvent those protections.<sup>2</sup>

At first, these provisions were used as intended, for example, to stop the distribution of a program designed to decrypt the encryption on DVDs.<sup>3</sup> As time passed, however, manufacturers of various devices utilizing aftermarket parts (such as printers and garage door openers) began to realize that they could use this law to their advantage. Since computer programs are considered copyrightable works,<sup>4</sup> device manufacturers could insert a small computer program and couple it with an authentication mechanism that would reject any part (such as a toner cartridge) that was not built by the device manufacturer. Any third party aftermarket manufacturer would have to circumvent the authentication sequence in order for their aftermarket part to operate with the device. Thus, the device manufacturer could obtain a monopoly over the aftermarket.<sup>5</sup> In two recent cases, courts have begun to question these tactics. This casenote focuses on the first of the two, *The Chamberlain Group v. Skylink Technologies, Inc.*<sup>6</sup>

The Chamberlain garage door opener includes a computer program which has a security system ostensibly designed to prevent criminals from

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<sup>1</sup> See H.R. REP. NO. 105-551, pt. 1, at 9-10 (1998) (discussing purposes of the Digital Millennium Copyright Act).

<sup>2</sup> 17 U.S.C. § 1201 (2000).

<sup>3</sup> See *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 312 (S.D.N.Y. 2000), *aff’d sub nom.* *Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001) (enjoining defendants from posting the DeCSS decryption program on their web sites).

<sup>4</sup> *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1247 (3d Cir. 1983).

<sup>5</sup> Brief for Consumers Union as Amicus Curiae Supporting Appellees at 7, *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178 (Fed. Cir. 2004) (No. 04-1118).

<sup>6</sup> 381 F.3d 1178 (Fed. Cir. 2004), *cert. denied*, 125 S. Ct. 1669 (2005). The second case, *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2003), is discussed *infra* Part III.A.

gaining access to a garage by transmitting a stolen code.<sup>7</sup> Chamberlain argued that Skylink's universal remote circumvented this security program and therefore Skylink, by offering the remote for sale, violated 17 U.S.C. § 1201(a)(2), which prohibits the manufacture and sale of devices designed to circumvent a technological measure that protects access to a copyrighted work.<sup>8</sup> Both the district court and the Federal Circuit rejected Chamberlain's construction of § 1201(a)(2) and granted summary judgment for Skylink.<sup>9</sup> In affirming the district court, the Federal Circuit created a test for violations of § 1201(a)(2) slightly different from those used by other circuits.

Part I of this casenote lays out the facts of the case and the legal and historical background of 17 U.S.C. § 1201. Part I also explains the peculiar procedural posture which led this case to the Court of Appeals for the Federal Circuit instead of the Seventh Circuit Court of Appeals, where copyright cases filed in the Northern District of Illinois usually go on appeal. Part II sets forth the Federal Circuit's test for violations of §1201(a)(2) and explains how the Federal Circuit arrived at the test. Part III illustrates support for the test in the legislative history and public policy and shows how most cases involving § 1201(a)(2) would have the same results under the test. Part IV examines the relationship between § 1201(a)(2) and § 1201(b) and explains how the Federal Circuit preserves a distinction between the two. Finally, Part V examines two issues arising out of the Federal Circuit's opinion: the meaning of authorization in § 1201 and the contentious question of whether a § 107 fair use defense is permissible under § 1201.

## I. BACKGROUND

### A. *The Facts*

The Chamberlain Group manufactures garage-door openers ("GDOs").<sup>10</sup> Chamberlain's Security+ line of GDOs includes a copyrighted "rolling code" software program which Chamberlain advertises as being more secure than software found in normal GDOs.<sup>11</sup> This rolling code pro-

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<sup>7</sup> *Chamberlain*, 381 F.3d at 1183.

<sup>8</sup> *See id.* at 1183-86.

<sup>9</sup> *See id.* at 1204. The Supreme Court also denied Chamberlain's petition for a writ of certiorari. *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 125 S. Ct. 1669 (2005).

<sup>10</sup> *Chamberlain*, 381 F.3d at 1183.

<sup>11</sup> *Id.*

gram will only open the garage door if the correct code, which changes after each use, is transmitted.<sup>12</sup>

The Skylink group manufactures universal GDOs, which, like universal television remote controls, are designed to work with GDOs from a variety of manufacturers, including Chamberlain.<sup>13</sup> In August 2002, Skylink launched its Model 39 series, which incorporates technology designed to allow interoperability with Chamberlain's rolling code system.<sup>14</sup> The Skylink remote operates by sending three codes to the opener in rapid succession.<sup>15</sup> If the first code does not activate the GDO, then the combination of the second and third codes will 'resynchronize' the GDO and cause the door to open.<sup>16</sup>

Chamberlain brought suit against Skylink under federal patent laws (Title 35 of the United States Code) and copyright laws (Title 17 of the United States Code).<sup>17</sup> The district court dismissed the patent infringement claims and granted summary judgment for Skylink on the copyright claims.<sup>18</sup> On appeal, Chamberlain argued that Skylink's manufacture of the Model 39 universal remote control violated 17 U.S.C. §1201(a)(2), enacted as part of the DMCA.<sup>19</sup>

## B. *The Law*

The Constitution gives Congress the power to protect the works of authors and inventors.<sup>20</sup> Inventors' works are protected by the patent laws set forth in Title 35 and authors' works are protected by the copyright laws set forth in Title 17. Section 102 of Title 17 specifies what may be copyrighted. Literary works are among those works that are subject to copyright protection.<sup>21</sup> When Congress overhauled the copyright laws in 1976, it expressed an intent to include computer programs in the definition of literary works,<sup>22</sup> a view which has since been affirmed by the courts.<sup>23</sup>

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<sup>12</sup> *Id.* at 1184.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 1185.

<sup>16</sup> *Chamberlain*, 381 F.3d at 1185.

<sup>17</sup> *Id.* at 1188.

<sup>18</sup> *Id.* at 1181.

<sup>19</sup> *Id.* at 1182.

<sup>20</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>21</sup> 17 U.S.C. § 102(1) (2000).

<sup>22</sup> *See Apple Computer, Inc. v. Formula Int'l, Inc.*, 725 F.2d 521, 524-25 (9th Cir. 1984) (discussing a recommendation to Congress that computer programs be copyrightable).

<sup>23</sup> *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983) (holding that a computer program is a literary work).

Section 106 of the Copyright Act sets forth the exclusive rights of a copyright owner,<sup>24</sup> the violation of which constitutes an infringement of the copyright.<sup>25</sup> Two of the exclusive rights § 106 protects are the right to copy a work and the right to distribute copies of a work.<sup>26</sup> However, not all violations of the § 106 exclusive rights constitute infringement. Sections 107-121 of the Copyright Act contain several limitations and conditions on the exclusive rights § 106 protects.<sup>27</sup> Specifically, “fair use” of a copyrighted work, set forth in § 107, does not constitute infringement.<sup>28</sup> One example of a fair use is using quotes from a book in a review of the book. Although the author of the review copies portions of the book, technically violating the copyright owner’s exclusive right to copy, the use is considered fair and so is not an infringement. However, the DMCA presented a major challenge to the fair use doctrine in the online and digital environment.<sup>29</sup>

Congress enacted the DMCA in 1998 to bring United States copyright law into compliance with two World Intellectual Property Organization (“WIPO”) treaties: the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.<sup>30</sup> The treaties addressed the need for additional protections in the digital marketplace.<sup>31</sup> To comply with the treaties, the United States was required to prohibit the circumvention of technological measures designed to protect copyrighted works.<sup>32</sup> Thus, if a copyrighted work were encrypted, the new law would make unauthorized decryption of the work unlawful. Further, the new law would have to go beyond traditional bounds of copyright law by making it illegal to manufacture or sell devices primarily designed to defeat technological protections of copyrighted works.<sup>33</sup>

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<sup>24</sup> 17 U.S.C. § 106 (2000).

<sup>25</sup> 17 U.S.C. § 501(a) (2000 & Supp. 2002).

<sup>26</sup> 17 U.S.C. § 106(1), (3) (2000).

<sup>27</sup> 17 U.S.C. §§ 107-121 (2000).

<sup>28</sup> 17 U.S.C. § 107 (2000).

<sup>29</sup> See David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PA. L. REV. 673, 674 (2000) (discussing how the DMCA affected fair use rights).

<sup>30</sup> Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of 17 U.S.C.). The DMCA included a variety of other provisions in addition to implementation of the WIPO treaties, ranging from limited liability for Internet Service Providers (Title II) to protection for original designs of boat hulls (Title V). *Id.* In this Note, reference to the DMCA will mean only the anti-circumvention provisions of the DMCA’s Title I, as those were the provisions at issue in *Chamberlain*.

<sup>31</sup> H. R. REP. NO. 105-551, pt. 1, at 9 (1998) (“While such rapid dissemination of perfect copies will benefit both U.S. owners and consumers, it will unfortunately also facilitate pirates who aim to destroy the value of American intellectual property.”).

<sup>32</sup> *Id.* at 10.

<sup>33</sup> H.R. REP. NO. 105-551, pt. 2, at 24-25 (1998).

Congress addressed these concerns by adding a new section to Title 17, § 1201. Subsection (a)(1) of § 1201 makes it illegal to “circumvent a technological measure that effectively controls access to a work” protected by the Copyright Act.<sup>34</sup> Section 1201(a)(2), the section Chamberlain relied upon in its suit, makes it illegal to

manufacture, import, offer to the public, provide, or otherwise traffic in any . . . device . . . that—(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title; (B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or (C) is marketed by that person or another acting in concert with that person with that person’s knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.<sup>35</sup>

The statute defines circumvention in § 1201(a)(3). Circumvention of a technological protection is defined as “avoid[ing], bypass[ing], remov[ing], deactivat[ing], or impair[ing] a technological measure, without the authority of the copyright owner.”<sup>36</sup> Thus, a manufacturer like Skylink who sells devices designed to defeat a technological protection without the copyright owner’s authority may be held liable under § 1201(a)(2). Chamberlain alleged that the “rolling code” system was a technological protection protecting access to its copyrighted garage door opener software.<sup>37</sup> By sending the three signals, Skylink’s Model 39 circumvented that protection without Chamberlain’s permission.<sup>38</sup> Therefore, according to Chamberlain, Skylink violated § 1201(a)(2).<sup>39</sup>

Congress created additional protections for digital works in § 1201(b). This section prohibits devices designed to circumvent a technological measure that effectively controls a right of the copyright holder, namely those rights protected by § 106 of the Copyright Act.<sup>40</sup> While at first this appears to be similar to § 1201(a)(2), the two in fact protect different things. The first, § 1201(a)(2), protects access; it is akin to “breaking into a locked room to obtain a copy of a book.”<sup>41</sup> The second, § 1201(b), does not control access; instead, it regulates what may be done with a work upon

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<sup>34</sup> 17 U.S.C. § 1201(a)(1)(A) (2000).

<sup>35</sup> 17 U.S.C. § 1201(a)(2).

<sup>36</sup> 17 U.S.C. § 1201(a)(3).

<sup>37</sup> Brief of Plaintiff-Appellant at 7, *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178 (Fed. Cir. 2004) (No. 04-1118).

<sup>38</sup> Brief of Plaintiff-Appellant at 9-10, *Chamberlain*, 381 F.3d 1178 (No. 04-1118).

<sup>39</sup> Brief of Plaintiff-Appellant at 21-22, *Chamberlain*, 381 F.3d 1178 (No. 04-1118).

<sup>40</sup> 17 U.S.C. § 1201(b) (2000).

<sup>41</sup> H.R. REP NO. 105-551, pt. 1, at 17 (1998).

accessing it.<sup>42</sup> This has been characterized as “violations of the seigneur’s edict, once access has been freely granted.”<sup>43</sup>

### C. *Federal Circuit Jurisdiction and Choice of Law*

The district court granted summary judgment to Skylink on Chamberlain’s § 1201(a)(2) claim.<sup>44</sup> Chamberlain appealed the decision to the United States Court of Appeals for the Federal Circuit. However, the Federal Circuit does not have jurisdiction over copyright claims; such claims are appealed to the regional circuits. The Federal Circuit obtained jurisdiction through a strange series of events.

Federal Circuit jurisdiction derives from 28 U.S.C. § 1295.<sup>45</sup> Section 1295(a) grants jurisdiction to the Federal Circuit over any case where the district court’s jurisdiction was based, in whole or in part, on 28 U.S.C. § 1338, which creates federal jurisdiction over copyright and patent claims.<sup>46</sup> However, § 1295(a) explicitly removes from Federal Circuit jurisdiction any claim involving only copyrights (as well as trademark rights and rights in mask works.)<sup>47</sup>

Section 1338(a) grants original federal jurisdiction to claims arising from, among others, federal patent and copyright acts.<sup>48</sup> Chamberlain’s initial suit included claims arising under both the copyright laws and the patent laws.<sup>49</sup> It was Chamberlain’s three patent infringement claims that would ultimately send the case to the Federal Circuit instead of the Seventh Circuit.<sup>50</sup>

Before ruling on Chamberlain’s § 1201(a)(2) claim, the district court dismissed the three counts of patent infringement in the suit.<sup>51</sup> In cases where the patent claims are dismissed, the Federal Circuit explained, the

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<sup>42</sup> H.R. REP NO. 105-551, pt. 2, at 39 (1998).

<sup>43</sup> David Nimmer, *Appreciating Legislative History: The Sweet and Sour Spots of the DMCA’s Commentary*, 23 CARDOZO L. REV. 909, 949 (2002).

<sup>44</sup> Chamberlain Group, Inc. v. Skylink Techs., Inc., 292 F. Supp. 2d 1040, 1046 (N.D. Ill. 2003), *aff’d*, 381 F.3d 1178 (2004).

<sup>45</sup> 28 U.S.C. § 1295 (2000).

<sup>46</sup> 28 U.S.C. § 1295(a); 28 U.S.C. § 1338(a) (2000).

<sup>47</sup> 28 U.S.C. § 1295(a)(1).

<sup>48</sup> 28 U.S.C. § 1338(a). Section 1338 also grants federal subject matter jurisdiction to claims arising under federal plant variety protection, mask work, design, and unfair competition statutes. *Id.*

<sup>49</sup> See Chamberlain Group, Inc. v. Skylink Techs., Inc., 381 F.3d 1178, 1181 (Fed. Cir. 2004), *cert. denied*, 125 S. Ct. 1669 (2005).

<sup>50</sup> See *id.* at 1189-90. Chamberlain’s suit was filed in the Northern District of Illinois. *Id.* at 1181. Appeals from Illinois district courts normally go to the Seventh Circuit. 28 U.S.C. §§ 41, 1294 (2000).

<sup>51</sup> *Chamberlain*, 381 F.3d at 1189.

question of jurisdiction becomes a question of whether the patent claims were dismissed with or without prejudice.<sup>52</sup>

Dismissals without prejudice are effectively amendments to the complaint and will deny Federal Circuit jurisdiction if the dismissal removes all patent law claims.<sup>53</sup> Dismissals with prejudice do not divest the Federal Circuit of jurisdiction as they are decisions on the merits.<sup>54</sup> The district court's dismissal of the patent claims, however, defied easy classification as with or without prejudice. The district court dismissed one of the patent claims (Count II) "without prejudice . . . if the Federal Circuit reverses Judge Conlon's decision in *Chamberlain Group, Inc. v. Interlogix, Inc.*"<sup>55</sup> and the other two (Counts I and VIII) without prejudice "solely for the purpose of permitting the maintenance of the patent claims in the ITC investigation and nowhere else."<sup>56</sup>

The Federal Circuit held that each of these dismissals were dismissals with prejudice.<sup>57</sup> The Federal Circuit considered Count II as being dismissed without prejudice subject to a condition subsequent.<sup>58</sup> In the *Interlogix* case, the Federal Circuit did not reverse Judge Conlon's decision. Instead, it remanded the case to allow the district court to consider a motion to vacate the judgment.<sup>59</sup> As a result, the condition subsequent was not met and the dismissal of Count II was with prejudice.<sup>60</sup> With respect to Counts I and VIII, dismissal was with prejudice in all but a single forum (which was not the Federal Circuit).<sup>61</sup> Therefore, all of the patent claims were dismissed with prejudice and the Federal Circuit retained jurisdiction.<sup>62</sup>

Since the subject matter of the appeal was not one that the Federal Circuit has jurisdiction over, the court used choice of law principles to determine which law to apply. In copyright cases, the Federal Circuit applies the law of the regional circuit from which the appeal arose, in this case the Seventh Circuit.<sup>63</sup> Unfortunately, at the time of the appeal the Seventh Cir-

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<sup>52</sup> *Id.* (citing *Nilssen v. Motorola, Inc.*, 203 F.3d 782, 785 (Fed. Cir. 2000)).

<sup>53</sup> *Id.*

<sup>54</sup> *Id.* at 1189-90.

<sup>55</sup> *Id.* at 1188.

<sup>56</sup> *Id.* at 1189. ITC refers to the International Trade Commission. *Id.* at 1189 n.7.

<sup>57</sup> *Chamberlain*, 381 F.3d at 1190 (holding that the dismissals "clearly fail to meet the Supreme Court's definition of 'dismissal without prejudice'").

<sup>58</sup> *Id.*

<sup>59</sup> *Id.* at 1188.

<sup>60</sup> *Id.* at 1190; *Chamberlain Group, Inc. v. Interlogix, Inc.*, 75 F. App'x. 786 (Fed. Cir. 2003) (unpublished opinion).

<sup>61</sup> *Chamberlain*, 381 F.3d at 1190.

<sup>62</sup> *Id.*

<sup>63</sup> *Id.* at 1191.

cuit had not had occasion to interpret § 1201(a)(2).<sup>64</sup> Without binding precedent, the Federal Circuit was largely free to bring its considerable experience with intellectual property to bear on a relatively undeveloped area of the law.

## II. THE FEDERAL CIRCUIT'S ANALYSIS OF § 1201(A)(2) AND ITS TEST FOR § 1201(A)(2)

### A. *The Federal Circuit's Test*

The Federal Circuit concluded its opinion in *Chamberlain* with a six part test to determine whether a particular device violates 17 U.S.C. § 1201(a)(2). To prevail on a § 1201(a)(2) claim, the court held, a plaintiff 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.<sup>65</sup>

Once a plaintiff has shown the first five elements, he need prove only one of elements 6(i), (ii), or (iii) to make out a § 1201(a)(2) violation.<sup>66</sup>

Most elements of the test derive from a straightforward reading of the statute. The first element derives from the statutory requirement that the technological measure protect “a work protected under this title,” that is, any of the works defined in 17 U.S.C. § 102 as subject to copyright protection.<sup>67</sup> The second, third, and sixth elements derive from a similar analysis of the statute. The court reserved most of its discussion to the fourth and fifth elements. Although the fourth element finds support in the statutory language,<sup>68</sup> no similar support exists in the statute for the Court's fifth element. The Federal Circuit developed the fifth element after an exhaustive look at the public policy and Congressional intent behind § 1201.

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<sup>64</sup> *Id.* at 1191-92.

<sup>65</sup> *Id.* at 1203.

<sup>66</sup> *Id.*

<sup>67</sup> 17 U.S.C. § 1201(a)(2) (2000).

<sup>68</sup> Section 1201(a)(3) defines “circumvent[ion] of a technological measure” for the purposes of § 1201(a) as bypassing a technological measure “without the authority of the copyright owner.” 17 U.S.C. § 1201(a)(3).

### B. *The Federal Circuit's Analysis*

The Federal Circuit emphasized three points throughout the opinion. First, the only property rights a copyright owner has, the violation of which constitute infringement, are those rights set forth in § 106 of the copyright statute.<sup>69</sup> Instead of a new property right, § 1201 creates new forms of liability.<sup>70</sup> As the Federal Circuit noted, § 1201, by its own text, does not affect any of the other rights protected by the Copyright Act.<sup>71</sup> The court returned to this distinction multiple times in its opinion.

Second, the Federal Circuit emphasized the concept of access. As the court noted, Congress passed § 1201 in order to prevent unauthorized access to copyrighted works by those who obtained the access by circumventing a technological protection.<sup>72</sup> The unauthorized access cannot be severed from the protection of the work.<sup>73</sup> Almost every clause of § 1201 that refers to access refers to protection as well.<sup>74</sup>

Chamberlain argued that the Model 39 accessed Chamberlain's rolling code software, and circumvented the technological protection (the rolling code system) which effectively controlled access to the rolling code software.<sup>75</sup> Therefore, according to Chamberlain, the Model 39 is a device designed to circumvent a technological protection that controls access to a copyrighted work, and in offering Model 39 to the public, Skylink violated § 1201(a)(2).<sup>76</sup> The Federal Circuit rejected this argument because it created several problems in reconciling the various parts of § 1201.<sup>77</sup>

The Federal Circuit identified two possible regimes flowing from Chamberlain's interpretation.<sup>78</sup> Under the first regime, copyright owners have the rights protected by § 106, subject to the conditions and limitations set forth in §§ 107-120.<sup>79</sup> If the owner adds technological measures to protect those rights, the owner may hold anyone who sells devices designed to circumvent those measures liable under § 1201(b).<sup>80</sup>

The second regime involves owners of works protected both by copyright and by technological measures that control access to the work (as op-

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<sup>69</sup> See *Chamberlain*, 381 F.3d at 1192-93 (Fed. Cir. 2004).

<sup>70</sup> *Id.* at 1192.

<sup>71</sup> See *id.* (citing 17 U.S.C. § 1201(c)(1)).

<sup>72</sup> *Id.* at 1195-96.

<sup>73</sup> See *id.* at 1202.

<sup>74</sup> *Id.* at 1197.

<sup>75</sup> *Chamberlain*, 381 F.3d at 1183, 1197.

<sup>76</sup> *Id.* at 1183.

<sup>77</sup> See *id.* at 1199.

<sup>78</sup> *Id.* at 1199-1200.

<sup>79</sup> *Id.* at 1199.

<sup>80</sup> *Id.* at 1199-1200.

posed to controlling a right associated with the work).<sup>81</sup> This would allow the copyright owner to hold a circumventor (such as Skylink) liable for accessing the work, even if the access was solely to exercise “rights that the Copyright Act grants to the public.”<sup>82</sup> The Federal Circuit identified several significant problems with this regime.<sup>83</sup>

The first problem the Federal Circuit identified with the second regime was its “apparent irrationality.”<sup>84</sup> While courts must grant Congress wide deference in copyright law, the exercise of Congressional authority must be rational.<sup>85</sup> Copyright law exists to give the copyright owner the benefits of his creation and the public appropriate access to that creation.<sup>86</sup> Under the second regime, however, a statute intended to give the public “appropriate access” to copyrighted works instead permits copyright owners to prohibit any and all forms of access.<sup>87</sup> This, the Federal Circuit explained, “borders on the irrational.”<sup>88</sup>

The second problem the Federal Circuit identified was the difficulty of reconciling the second regime with the statutory text.<sup>89</sup> Section 1201(c) expressly states that it does not affect “rights, remedies, limitations, or defenses to copyright infringement.”<sup>90</sup> By allowing an owner to deny all access, the second regime would affect other rights, remedies, or limitations in the Copyright Act, such as the various limitations in §§ 107 to 122.<sup>91</sup> This created a contradiction in the statute which the Federal Circuit had to resolve.<sup>92</sup> Rejecting Chamberlain’s construction provided such a resolution.<sup>93</sup>

Finally, the Federal Circuit addressed the question of authorization.<sup>94</sup> Chamberlain argued that a copyright owner may prohibit a legitimate purchaser from accessing the copyrighted work.<sup>95</sup> This construction would prohibit both unauthorized uses and authorized uses, including uses specifi-

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<sup>81</sup> *Chamberlain*, 381 F.3d at 1200. There is a difference. For example, a technological measure might prevent someone from making copies but not from displaying or performing the work publicly. See 17 U.S.C. § 106(1), (4), (5) (2000).

<sup>82</sup> *Chamberlain*, 381 F.3d at 1200.

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> *Eldred v. Ashcroft*, 537 U.S. 186, 204-05 (2003).

<sup>86</sup> *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 429 (1984).

<sup>87</sup> *Chamberlain*, 381 F.3d at 1200.

<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> 17 U.S.C. § 1201(c) (2000).

<sup>91</sup> *Chamberlain*, 381 F.3d at 1200.

<sup>92</sup> *Id.*

<sup>93</sup> *Id.*

<sup>94</sup> *Id.* at 1202.

<sup>95</sup> *Id.*

cally authorized by the copyright statute.<sup>96</sup> Denying authorized uses would therefore contradict § 1201(c)(3)'s explicit requirement that § 1201 not affect other limitations of the copyright statute.<sup>97</sup> As the Federal Circuit said, "[w]hat the law authorizes, Chamberlain cannot revoke."<sup>98</sup> After making this observation, the Federal Circuit concluded that § 1201(a)(2) prohibits only access reasonably related to the Copyright Act's other protections.<sup>99</sup>

### III. ANALYSIS OF THE *CHAMBERLAIN* TEST

Although the Federal Circuit's test, by including a requirement that the access facilitate infringement, departs radically from the tests employed by other circuits, this requirement is an adequate limitation that strikes a fair balance between the public and the copyright owners. Most other cases involving § 1201(a)(2), including most cited by the Federal Circuit, would still have had the same result under the Federal Circuit's test. The test also finds support in public policy and in the statute's legislative history. Finally, despite the case's limited binding precedential value, at least one appellate judge on the regional courts of appeals has used language supportive of the Federal Circuit's reasoning.<sup>100</sup>

#### A. *Other § 1201(a)(2) Cases*

In its analysis, the Federal Circuit distinguished Chamberlain's case from four other § 1201(a)(2) cases:<sup>101</sup> *Universal City Studios, Inc. v. Reimerdes*,<sup>102</sup> *Sony Computer Entertainment America, Inc. v. GameMasters*,<sup>103</sup> *RealNetworks, Inc. v. Streambox, Inc.*,<sup>104</sup> and *Lexmark International, Inc. v. Static Control Components, Inc.*<sup>105</sup> All of these cases, except for

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<sup>96</sup> *See id.*

<sup>97</sup> *Chamberlain*, 381 F.3d at 1202.

<sup>98</sup> *Id.*

<sup>99</sup> *Id.*

<sup>100</sup> *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 551-52 (6th Cir. 2004) (Merritt, J., concurring).

<sup>101</sup> *Chamberlain*, 381 F.3d at 1198-99.

<sup>102</sup> 111 F. Supp. 2d 294 (S.D.N.Y. 2000), *aff'd sub nom.* *Universal City Studios v. Corley*, 273 F.3d 429 (2d Cir. 2001).

<sup>103</sup> 87 F. Supp. 2d 976 (N.D. Cal. 1999).

<sup>104</sup> No. C99-2070P, 2000 U.S. Dist. LEXIS 1889 (W.D. Wash. Jan. 18, 2000).

<sup>105</sup> 387 F.3d 522 (6th Cir. 2004).

*GameMasters*, would have had the same result under the Federal Circuit's test.

The *Reimerdes* case is one of the first decisions interpreting § 1201(a)(2). In *Reimerdes*, the defendants offered a program called DeCSS for download on their web sites.<sup>106</sup> DVDs are encrypted via a program called CSS;<sup>107</sup> DeCSS was built to decrypt the CSS encryption.<sup>108</sup> Once a user decrypted a DVD using DeCSS, the user was free to make copies of the DVD.<sup>109</sup> The *Reimerdes* court held that the CSS program effectively controlled access to copyrighted works and that DeCSS was designed primarily to circumvent DeCSS (the first, second, third, and sixth elements of the *Chamberlain* test).<sup>110</sup> As to authorization, it was apparent that the *Reimerdes* plaintiffs did not intend to authorize the use of DeCSS to copy DVDs.<sup>111</sup> Since the DeCSS program facilitated the copying of a copyrighted work, which constituted infringement of the DVD's copyright, the fifth element of the *Chamberlain* test was satisfied as well. The facts of *Reimerdes* therefore satisfied the *Chamberlain* test.

In the *RealNetworks* case, the plaintiff RealNetworks developed two products called RealServer and RealPlayer.<sup>112</sup> The RealServer stored streaming media files which users could download and play using the RealPlayer program on their home computer.<sup>113</sup> To protect the copyrighted work represented in the streaming media file, the RealServer and RealPlayer system used two security measures.<sup>114</sup> The first was a "Secret Handshake," an authentication sequence known only to the RealServer and RealPlayer, to ensure that the RealServer sent the streaming media file only to RealPlayers.<sup>115</sup> By using the Secret Handshake to ensure that the RealServer streamed files only to RealPlayers, RealNetworks could assure copyright owners that the second security measure, the "Copy Switch" embedded in the streaming media file, would be enforced.<sup>116</sup> The Copy Switch allowed the copyright owner to specify whether or not the end user is per-

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<sup>106</sup> *Reimerdes*, 111 F. Supp. 2d at 312.

<sup>107</sup> *Id.* at 309-10.

<sup>108</sup> *Id.* at 311.

<sup>109</sup> *Id.*

<sup>110</sup> *Id.* at 318-19.

<sup>111</sup> *See id.* at 310 (describing the plaintiffs' efforts to ensure that the DVDs could not be copied).

The issue of authorization to *view* DVDs, as opposed to *copying* them, is discussed *infra* Part V.A.

<sup>112</sup> *RealNetworks, Inc. v. Streambox, Inc.*, No. C99-2070P, 2000 U.S. Dist. LEXIS 1889, at \*4-5 (W.D. Wash. Jan. 18, 2000).

<sup>113</sup> *Id.* at \*5.

<sup>114</sup> *Id.* at \*6-7.

<sup>115</sup> *Id.* at \*6.

<sup>116</sup> *Id.*

mitted to copy the streaming media file.<sup>117</sup> If the Copy Switch was turned off, end users would be unable to copy the file.<sup>118</sup>

The defendant's program, called Streambox, allowed users to bypass both of RealNetworks' security measures.<sup>119</sup> The Streambox mimicked the Secret Handshake, thus tricking the RealServer into thinking that the Streambox was a RealPlayer.<sup>120</sup> Unlike the RealPlayer, the Streambox ignored the Copy Switch in the streaming media file, allowing the end user to copy the file even if the copyright owner did not permit copying.<sup>121</sup> The *RealNetworks* court, while not considering the relationship of the unauthorized access to the infringement of a copyright, ruled that the Streambox violated § 1201(a)(2).<sup>122</sup> Applying the *Chamberlain* test to the facts of *RealNetworks* leads to the same result. The fourth element was satisfied because any copyright owner who turned off the Copy Switch did not authorize the user to copy the work.<sup>123</sup> The fifth element was satisfied because the circumvention facilitated the violation of a right protected by copyright (the copyright owner's exclusive right to copy under § 106(1)).<sup>124</sup>

The *Lexmark* case has several facts in common with the *Chamberlain* case. Lexmark, a printer manufacturer, sued Static Control Components ("SCC"), which manufactured microchips for third-party toner cartridge manufacturers.<sup>125</sup> Lexmark built into its printers and toner cartridges a security device that would prevent any unauthorized cartridges from operating.<sup>126</sup> The printer contained one program to perform an authentication sequence, and the toner cartridge contained another program that the printer's program would look for to see if the cartridge was authorized.<sup>127</sup> SCC included on its microchips a copy of Lexmark's toner cartridge program so that the toner cartridges would pass the authentication sequence.<sup>128</sup> The

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<sup>117</sup> *Id.*

<sup>118</sup> *RealNetworks*, 2000 U.S. Dist. LEXIS 1889, at \*7.

<sup>119</sup> *Id.* at \*11-12.

<sup>120</sup> *Id.* at \*11.

<sup>121</sup> *Id.*

<sup>122</sup> *Id.* at \*20-21. The court also ruled that the Streambox violated § 1201(b) because, in ignoring the Copy Switch, the Streambox circumvented a technological measure (the Copy Switch) designed to protect the right of a copyright holder (the copyright owner's exclusive right to copy, § 106(1)). *Id.* at 19-21.

<sup>123</sup> *Id.* at \*7.

<sup>124</sup> 17 U.S.C. § 106(1) (2004).

<sup>125</sup> *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 529 (6th Cir. 2004).

<sup>126</sup> *Id.* at 530.

<sup>127</sup> *Id.* at 530-31.

<sup>128</sup> *Id.* at 530.

district court issued a preliminary injunction against SCC, holding that Lexmark was likely to succeed on the merits of a § 1201(a)(2) claim.<sup>129</sup>

The Sixth Circuit vacated the preliminary injunction.<sup>130</sup> It held that Lexmark's authentication scheme did not "effectively control access to the work" as required by § 1201(a)(2) because the scheme did not prohibit reading the printer's program directly from the printer's memory.<sup>131</sup> It also held that various statutory exemptions, including an interoperability exemption, might apply to SCC's toner cartridges.<sup>132</sup> Although the court's opinion did not address the *Chamberlain* test, the court's result is consistent with it. Static Control's technology facilitated the access of the printer program, but it did not facilitate the infringement of either the program on the toner cartridge or the program on the printer.<sup>133</sup>

The *GameMasters* case, however, cannot be distinguished as easily as the Federal Circuit implies. *GameMasters* involved a small retail store known as GameMasters.<sup>134</sup> GameMasters offered for sale a product called "Game Enhancer," for use with Sony's PlayStation video game console.<sup>135</sup> The Game Enhancer performed two functions: first, it enabled players to "cheat" at a video game by, for example, giving the user infinite lives.<sup>136</sup> Second, it bypassed a regional protection system on the game disc that prevented a game from operating in a geographical region outside the region where the game was sold.<sup>137</sup> Once the regional protection was bypassed, the game loaded itself into the Playstation's memory (creating a copy) and executed.<sup>138</sup>

The *GameMasters* court held that the region-bypassing feature violated § 1201(a)(2) because it circumvented a technological measure (the region-control system) that effectively controlled access to a copyrighted

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<sup>129</sup> See *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 253 F. Supp. 2d 943, 974 (E.D. Ky. 2003), vacated by 387 F.3d 522 (6th Cir. 2004).

<sup>130</sup> *Lexmark*, 387 F.3d at 528.

<sup>131</sup> See *id.* at 546-47.

<sup>132</sup> *Id.* at 550 ("SCC . . . may benefit from the interoperability defense"). Section 1201(f)(3) exempts devices designed solely to interoperate with other computer programs. 17 U.S.C. § 1201(f)(3) (2004).

<sup>133</sup> The only copying that occurs in the sequence is when the program on the printer downloads the toner cartridge program onto the printer. *Lexmark*, 387 F.3d at 531. The *Lexmark* court held that the evidence did not support a preliminary finding that the program on the toner cartridge was copyrightable. *Id.* at 541. If the toner program was not copyrightable, downloading the program onto the printer cannot be copyright infringement.

<sup>134</sup> *Sony Computer Entm't Am., Inc. v. GameMasters*, 87 F. Supp. 2d 976, 978 (N.D. Cal. 1999).

<sup>135</sup> *Id.* at 981.

<sup>136</sup> *Id.*

<sup>137</sup> *Id.*

<sup>138</sup> *Id.* at 981-82.

work (the game).<sup>139</sup> In applying the *Chamberlain* test, the question is whether the circumvention facilitated the infringement of a right protected by the copyright laws.<sup>140</sup> In this case, the answer is no. Unlike DeCSS (*Reimerdes*) and the Streambox (*RealNetworks*), the Game Enhancer only allowed users to *play* the game, not to *copy* it.<sup>141</sup> Although the game is copied into the Playstation's console memory in order to run,<sup>142</sup> the copyright statutes expressly permit such copying, so long as the original copy is lawfully obtained.<sup>143</sup> The Federal Circuit distinguished the case by pointing to "temporary modifications" that the Game Enhancer made to Playstation games, implying that the Game Enhancer violated the copyright holder's exclusive right to create derivative works.<sup>144</sup> However, the Game Enhancer made the "temporary modifications" as part of its first function, enabling "cheats."<sup>145</sup> The first function was not at issue in the § 1201 claims; the § 1201 claim arose out of the Game Enhancer's second function, bypassing the regional protection system.<sup>146</sup> Even if the first function was at issue, such temporary modifications to games have been held not to constitute infringement.<sup>147</sup>

One reading of the *Chamberlain* decision can reconcile the case with *GameMasters*. The fifth element requires that the circumvention either infringe or "facilitate" infringement.<sup>148</sup> As discussed above, once the region-protecting scheme is defeated, the contents of the game disc are copied into the Playstation's memory. So long as the game disc is lawfully obtained, this does not constitute infringement.<sup>149</sup> However, importing a copyrighted work into the United States without the permission of the copyright owner is an infringement of copyright, specifically the right to distribute copies.<sup>150</sup> If, for example, a Japanese game disc were imported into the United States in violation of 17 U.S.C. § 602(a), it would not be a lawfully obtained copy and thus § 117(a)(1) would not apply. If § 117(a)(1) does not apply to the

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<sup>139</sup> *Id.* at 987.

<sup>140</sup> *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1203 (Fed. Cir. 2004), *cert. denied*, 125 S. Ct. 1669 (2005).

<sup>141</sup> *See GameMasters*, 87 F. Supp. 2d at 981 (discussing the capabilities of the Game Enhancer).

<sup>142</sup> *Id.* at 981-82.

<sup>143</sup> 17 U.S.C. § 117(a)(1) (2000) (permitting copies of lawfully obtained computer programs performed as an essential step of operation, so long as the copy is not used in any other manner).

<sup>144</sup> 17 U.S.C. § 106(2) (2000); *Chamberlain*, 381 F.3d at 1199.

<sup>145</sup> *GameMasters*, 87 F. Supp. 2d at 981.

<sup>146</sup> *Id.* at 987.

<sup>147</sup> *See Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965 (9th Cir. 1992) (holding that a device which altered various attributes of a video game did not create a derivative work).

<sup>148</sup> *Chamberlain*, 381 F.3d at 1203.

<sup>149</sup> 17 U.S.C. § 117(a)(1) (2000).

<sup>150</sup> 17 U.S.C. § 602(a) (2000). There are three exceptions to this rule, most notably that importation for the private use of the importer is not infringement. § 602(a)(2).

copying of the game data into the PlayStation's memory, then the Game Enhancer, by allowing the PlayStation to copy the game into memory, facilitates copyright infringement.<sup>151</sup> The fifth element of the *Chamberlain* test would therefore be satisfied.

The cases, therefore, generally provide support for the Federal Circuit's test. In addition, the legislative history and public policy also support the Federal Circuit's resolution of the case.

#### B. *Support for the Chamberlain Test in the Legislative History*

The Federal Circuit referred to the legislative history behind the enactment of § 1201(a)(2) (part of the Digital Millennium Copyright Act of 1998) as supporting its position.<sup>152</sup> The legislative history does indeed contain language generally supportive of the court's balancing of user and copyright owner interests.<sup>153</sup> However, the cases have not borne out this language.<sup>154</sup> The legislative history does not discuss certain features, discusses features not included in the statute, and, in the case of § 1201 in particular, fails to explain the difference between two similar subsections.<sup>155</sup> Only rarely does the legislative history assist interpretation of the statute.<sup>156</sup>

The legislative history uses analogies to clarify the meaning of § 1201.<sup>157</sup> Although the analogies at first appear to undermine the Federal Circuit's position,<sup>158</sup> a closer look reveals a more complex situation. The legislative history describes § 1201(a)(2) as akin to "breaking into a locked room in order to obtain a copy of a book."<sup>159</sup> On its face, this does not appear to support the Federal Circuit's test; after all, by circumventing the rolling code, Skylink is "breaking in" to Chamberlain's "locked room." However, David Nimmer, in his article *Appreciating Legislative History: The Sweet and Sour Spots of the DMCA's Commentary*, recasts the statement as "[protecting] the sanctity of the copyright owner's 'castle'".<sup>160</sup> This can be viewed in two ways.

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<sup>151</sup> Apple Computer, Inc. v. Formula Int'l, Inc., 594 F. Supp. 617, 621-22 (C.D. Cal. 1984).

<sup>152</sup> *Chamberlain*, 381 F.3d at 1196.

<sup>153</sup> H.R. REP NO. 105-551, pt. 2, at 25-26 (1998).

<sup>154</sup> See Nimmer, *Legislative History*, *supra* note 43, at 932 (discussing how, despite language in the legislative history, § 1201 does not safeguard fair use rights).

<sup>155</sup> *Id.* at 939-43.

<sup>156</sup> *Id.* at 947.

<sup>157</sup> *Id.* at 948.

<sup>158</sup> *Id.* at 947.

<sup>159</sup> H.R. REP NO. 105-551, pt. 1, at 17 (1998).

<sup>160</sup> Nimmer, *Legislative History*, *supra* note 43, at 948-49.

Looking at Nimmer's recasting of the analogies, the Federal Circuit defined the walls of the castle as being the exclusive rights given to the copyright owner by the remaining portions of the Copyright Act, specifically § 106. If the defendant does not breach those walls, the sanctity of the copyright owner's "castle" is preserved. The defendant, therefore, will not be liable.<sup>161</sup>

Alternatively, an examination of the locked room analogy itself reveals an interpretation in accord with the Federal Circuit. As described in the legislative history, violation of § 1201 is akin to "breaking into a locked room in order to steal a copy of a book."<sup>162</sup> This analogy has two elements: "breaking into a locked room" and "steal[ing] a copy of a book." The fifth element of the *Chamberlain* test goes to the second element of this analogy. Infringing the copyright of a work surely constitutes "stealing" the work.<sup>163</sup> The Federal Circuit's test seems to enforce both prongs of the analogy: the room must be broken into (circumvention) with the intent to steal the book (infringement).

### C. *Public Policy*

The Federal Circuit also correctly grounded its conclusion in public policy concerns over extension of the copyright monopoly into other areas. The court noted that under *Chamberlain's* construction of § 1201(a)(2), product manufacturers could add a simple, copyrighted computer program, encrypt the program using a simple encryption algorithm, and then gain the right under § 1201(a)(2) to restrict competitors from designing competing products to operate with the original manufacturer's products.<sup>164</sup> As *amicus curiae* Consumers Union explained in its brief, such a practice enables manufacturers to leverage control of one market into another related market.<sup>165</sup> Consumers Union suggested the example of a car maker including chips with their cars designed to reject any third-party car parts.<sup>166</sup> Congress, Consumers Union argued, intended to protect copyrighted content in the digital environment, not allow GDO manufacturers like *Chamberlain* to

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<sup>161</sup> *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1202-03 (Fed. Cir. 2004), *cert. denied*, 125 S. Ct. 1669 (2005).

<sup>162</sup> H.R. REP NO. 105-551, pt. 1, at 17 (1998).

<sup>163</sup> The film industry certainly thinks so. See David McGuire, *Hollywood Sues Suspected Movie Pirates*, WASH. POST, Nov. 16, 2004, <http://www.washingtonpost.com/ac2/wp-dyn/A54423-2004Nov16>.

<sup>164</sup> *Chamberlain*, 381 F.3d at 1201.

<sup>165</sup> Brief of Amicus Curiae Consumers Union in Support of Appellee at 5, *Chamberlain Group, Inc. v. Skylink Techs., Inc.* 381 F.3d 1178 (Fed. Cir. 2004) (No. 04-1118).

<sup>166</sup> *Id.* at 7-8.

restrict competitors from designing products that would work with Chamberlain's GDOs.<sup>167</sup> The Federal Circuit agreed.<sup>168</sup> Courts' enforcement of antitrust laws limiting leverage of aftermarket sales,<sup>169</sup> and their unwillingness to allow use of the copyright laws to the same effect,<sup>170</sup> support the *Chamberlain* court's construction of § 1201(a)(2).

#### D. *The Limited Precedent of the Federal Circuit's Decision*

The *Chamberlain* decision has limited precedential value. The Federal Circuit's restricted subject matter jurisdiction will limit the cases in which *Chamberlain* will control the outcome. Given the unlikely procedural posture of the *Chamberlain* case, to avoid winding up in the Federal Circuit manufacturers need only refrain from bringing a patent claim.<sup>171</sup> In all other jurisdictions, *Chamberlain* will have only persuasive effect.

However, at least one judge has used language supportive of the Federal Circuit's reasoning. In his concurrence to the *Lexmark* case, Judge Merritt of the Sixth Circuit referred to many of the same policy considerations that the Federal Circuit examined, especially with respect to monopolies.<sup>172</sup> Both Judge Merritt and the Federal Circuit looked beyond the simple issue of circumventing a technological measure designed to protect access to a copyrighted work.<sup>173</sup> Although they looked at two different areas, both agreed that access alone was not enough.

#### IV. THE *CHAMBERLAIN* TEST AND § 1201(B)

The Federal Circuit's requirement of infringement has been criticized. One criticism is that the decision blurs the line between § 1201(a)(2), protecting access, and § 1201(b), protecting individual rights.<sup>174</sup> However, the

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<sup>167</sup> *Id.* See also H.R. REP. NO. 105-551, pt. 1, at 9 (1998) (describing the purpose of § 1201 as "mak[ing] digital networks safe places to disseminate and exploit copyrighted works").

<sup>168</sup> *Chamberlain*, 381 F.3d at 1200-01.

<sup>169</sup> See *Eastman Kodak Co. v. Image Tech. Servs.*, 504 U.S. 451, 461 (1992).

<sup>170</sup> *Assessment Techs. of WI, LLC v. WIREdata, Inc.*, 350 F.3d 640, 647 (7th Cir. 2003).

<sup>171</sup> Even if claimants *do* bring patent claims, *Chamberlain* still may not apply since the Federal Circuit uses the case law of the circuit from which the appeal is brought in § 1201 cases.

<sup>172</sup> *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 552 (6th Cir. 2004) (Merritt, J., concurring).

<sup>173</sup> *Id.* ("The key question is the 'purpose' of the circumvention technology."); *Chamberlain*, 381 F.3d at 1197 ("[T]he key . . . lies in understanding the linkage between access and protection.").

<sup>174</sup> See Appellee's Petition for Rehearing En Banc at 4, *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004) (Civil Action No. 02-571-KSF) (arguing that "effectively controls access" does not mean preventing infringement); Posting of Ernest Miller to Corante blog,

*Chamberlain* decision preserves the difference between these two sections. A series of hypotheticals based on the *RealNetworks* case clarifies this distinction.

In the *RealNetworks* case, RealNetworks used two protection schemes to protect copyrighted works.<sup>175</sup> One was the “Secret Handshake,” which protected access to copyrighted works on RealNetworks’ RealServers.<sup>176</sup> The other was the “Copy Switch,” which when turned off would prevent users from being able to copy the works they streamed from the RealServer.<sup>177</sup> The Streambox device circumvented both the Secret Handshake and the Copy Switch.<sup>178</sup> The following hypotheticals vary these facts and apply the *Chamberlain* § 1201(a)(2) test. Each hypothetical assumes that all factors of the *Chamberlain* test are present except the fifth, so that the only question remaining is whether the Streambox facilitates infringement.

A. *First Hypothetical: Neither § 1201(a)(2) nor § 1201(b) Violated*

In the first hypothetical, RealNetworks chooses to use both the Secret Handshake and the Copy Switch. The Streambox, however, circumvents the Secret Handshake but not the Copy Switch, so that Streambox users will not be able to copy the streaming files. Under the *Chamberlain* test, the Streambox would not violate § 1201(a)(2) because by preventing the user from copying the file it does not “facilitate infringement.”<sup>179</sup> Nor would the Streambox violate § 1201(b), because it does not circumvent the Copy Switch, designed to prevent copying.

B. *Second Hypothetical: Both § 1201(a)(2) and § 1201(b) Violated*

The second hypothetical matches the facts of *RealNetworks*: RealNetworks uses both the Secret Handshake and the Copy Switch, and the

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<http://www.corante.com/importance/archives/005960.php#more> (Sept. 1, 2004) (*Landmark Federal Circuit Decision in Skylink Case Creates DMCA Balancing Test*) (arguing that the Federal Circuit’s decision did not preserve a distinction between § 1201(a)(2) and § 1201(b)); Paul R. Kitch, *DMCA is OEMs Ticket to “Super-Patenting” the Unpatentable*, 17 NO. 3 INTELL. PROP. & TECH. L.J. 5, 9-10 (2005).

<sup>175</sup> *RealNetworks, Inc. v. Streambox, Inc.*, No. C99-2070P, 2000 U.S. Dist. LEXIS 1889, at \*6-7 (W.D. Wash. Jan. 18, 2000); see also generally *supra* Part III.A.

<sup>176</sup> *RealNetworks*, 2000 U.S. Dist. LEXIS 1889, at \*6.

<sup>177</sup> *Id.* at \*6-7.

<sup>178</sup> *Id.* at \*10-11.

<sup>179</sup> See *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1203 (Fed. Cir. 2004), cert. denied, 125 S. Ct. 1669 (2005).

Streambox circumvents both, allowing users to copy the file they are streaming. This would violate § 1201(a)(2) under the *Chamberlain* test for the reasons discussed above in Part III.A. The Streambox would also violate § 1201(b) because it circumvents a technological measure designed to protect a right exclusive to the copyright owner (the right to copy).<sup>180</sup>

C. *Third Hypothetical: § 1201(a)(2) Not Violated; § 1201(b) Does Not Apply*

In the third scenario RealNetworks uses the Secret Handshake, but chooses not to use the Copy Switch. As in the first hypothetical, the Streambox circumvents the Secret Handshake but does not permit copying. Since RealNetworks is not using a technological measure protecting an exclusive right of the copyright owner, RealNetworks could not avail themselves of § 1201(b). Applying the *Chamberlain* § 1201(a)(2) test would not result in a violation either, because the Streambox, by preventing its users from copying the file, would not facilitate infringement of a copyright.

D. *Fourth Hypothetical: § 1201(a)(2) Violated; § 1201(b) Not Violated*

This hypothetical is similar to the previous hypothetical in that once again RealNetwork uses the Secret Handshake but not the Copy Switch. However, here the Streambox, after circumventing the Secret Handshake, permits the user to copy the streaming file. Again, because RealNetworks does not have a protection scheme designed to protect one of the copyright owner's exclusive rights, § 1201(b) would not apply. However, unlike in the previous hypothetical, the Streambox would now violate § 1201(a)(2) under the *Chamberlain* test. Since the Streambox now permits the user to copy the file, the Streambox would facilitate infringement of the copyright owner's exclusive right to copy the file.

E. *Fifth Hypothetical: § 1201(a)(2) Not Violated; § 1201(b) Violated*

Here RealNetworks utilizes the Copy Switch but not the Secret Handshake, and the Streambox circumvents the Copy Switch, enabling users to copy the file. Because RealNetworks allows anyone to access the file (there is no Secret Handshake to prevent access), there is no violation of § 1201(a)(2). However, because RealNetworks put into place the Copy

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<sup>180</sup> *RealNetworks*, 2000 U.S. Dist. LEXIS 1889 at \*25-26.

Switch to prevent copying and the Streambox circumvents the Copy Switch to allow copying, § 1201(b) would be violated.

These hypotheticals demonstrate the difference between § 1201(a)(2) and § 1201(b), a difference which *Chamberlain* preserves. § 1201(a)(2) is directed toward measures that protect access, not measures that protect infringement of rights. In contrast, § 1201(b) is directed against measures that protect infringement of rights, not against measures that protect access. What the *Chamberlain* decision does is delineate what kinds of access are permissible and what kinds are not.

## V. AUTHORIZATION AND FAIR USE AFTER *CHAMBERLAIN*

In *Chamberlain*, the Federal Circuit looked at § 1201(a)(2) differently than other circuits considering it, raising several questions. One question relates to what the statute means by “authorization.” Another question is whether the anti-circumvention provisions in § 1201(a)(2) prohibit circumvention even for fair uses of the copyrighted work.

### A. *Authorization*

Section 1201(a)(2) prohibits devices which circumvent an access control “without the authority of the copyright holder.”<sup>181</sup> If the circumvention is not authorized, then a manufacturer of the circumventing device may be liable.<sup>182</sup> The Federal Circuit interpreted authorization as a question of whether the copyright owner authorized the use of the copyrighted work.<sup>183</sup> However, two other circuits have come to a different conclusion regarding authorization.

The Federal Circuit held that a circumvention device does not violate § 1201(a)(2) if the access the device permits is an access authorized by the copyright holder.<sup>184</sup> Legitimate purchasers of software have a right to access that software, a right which the copyright holder cannot unilaterally revoke.<sup>185</sup> An alternative reading would not only give copyright holders too much control over the use of the copyrighted work,<sup>186</sup> but also violate § 1201(c)(1)’s fair use exemption by allowing the copyright holder to pro-

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<sup>181</sup> 17 U.S.C. § 1201(a)(3)(A) (2000).

<sup>182</sup> This assumes that the remaining elements of the *Chamberlain* test are satisfied. *Chamberlain*, 381 F.3d at 1203 (setting forth the six-part test for § 1201(a)(2) violations).

<sup>183</sup> *Id.* at 1202.

<sup>184</sup> *Id.* at 1203.

<sup>185</sup> *Id.* at 1202 (“What the law authorizes, *Chamberlain* cannot revoke.”).

<sup>186</sup> *Id.*

hibit fair use of the copyrighted work.<sup>187</sup> Therefore, § 1201 permits circumvention of an access control for the purpose of enabling the purchaser to use his lawfully obtained copy of the software in a manner authorized either by the copyright owner or the copyright laws. Two other courts came to a different conclusion regarding authorization. In *Universal City Studios v. Corley* (the *Reimerdes* case on appeal), the Second Circuit held that only circumvention authorized by the copyright owner was permissible under § 1201(a)(2).<sup>188</sup> The Northern District of California elaborated on this holding in *321 Studios v. MGM Studios, Inc.*<sup>189</sup>

In *321 Studios*, plaintiff 321 Studios manufactured and sold two programs called DVD Copy Plus and DVD X-Copy.<sup>190</sup> Both programs enabled users to copy DVDs, whether encrypted with CSS or not.<sup>191</sup> 321 Studios filed for a declaratory judgment that their DVD-copying programs did not violate § 1201(a)(2).<sup>192</sup> They argued that the circumvention was authorized because owners of DVDs have the authority of the copyright owner to bypass the CSS encryption and view the DVD.<sup>193</sup>

The *321 Studios* court rejected the plaintiff's argument.<sup>194</sup> The court followed the Second Circuit and held that the lawful purchaser of a DVD does not have the authority to decrypt CSS.<sup>195</sup> The court looked not at the types of uses that were authorized, but rather at what types of circumvention were authorized.<sup>196</sup> While commercial DVD players had a license from the DVD Copy Control Association ("DVD CCA") to decrypt CSS, 321 Studios did not have such a license.<sup>197</sup> Since 321 Studios did not have authorization to decrypt CSS, they were liable under § 1201(a)(2).<sup>198</sup>

The Federal Circuit's view of authorization as authorization to use preserves the balance between copyright holders and the public that Congress sought to achieve when it passed the Digital Millennium Copyright Act.<sup>199</sup> Users retain the rights they had under traditional copyright law and

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<sup>187</sup> *Id.*

<sup>188</sup> *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 444 (2d Cir. 2001).

<sup>189</sup> *321 Studios v. MGM Studios, Inc.*, 307 F. Supp. 2d 1085 (N.D. Cal. 2004).

<sup>190</sup> *Id.* at 1089.

<sup>191</sup> *Id.*

<sup>192</sup> *Id.* at 1089-90.

<sup>193</sup> *Id.* at 1096.

<sup>194</sup> *Id.*

<sup>195</sup> *321 Studios*, 307 F. Supp. 2d at 1096.

<sup>196</sup> *Id.*

<sup>197</sup> *Id.* The DVD CCA handles the licensing of CSS. *Universal City Studios v. Reimerdes*, 111 F. Supp. 2d 294, 310 n.60 (S.D.N.Y. 2000), *aff'd sub nom.* *Universal City Studios v. Corley*, 273 F.3d 429 (2d Cir. 2001).

<sup>198</sup> *321 Studios*, 307 F. Supp. 2d at 1096.

<sup>199</sup> *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1203 (Fed. Cir. 2004), *cert. denied*, 125 S. Ct. 1669 (2005).

copyright owners retain the flexibility to release digital works without fear of widespread infringement.

This balance—particularly, the argument that the Federal Circuit’s approach to authorization does not tip the scales in favor of users—deserves clarification. One of the purposes behind the anti-circumvention provisions of § 1201 was to allow a “pay-per-use” model, where the purchaser would buy not an unlimited right to use the copyrighted work, but rather the right to use the work a limited number of times.<sup>200</sup> Critics have argued that an expansive view of authorization (as a “right to access”) would not permit a “pay-per-use” business model.<sup>201</sup> However, pay-per-use limitations would still be preserved under the Federal Circuit’s interpretation of authorization.

In contrast to unconditional sales (such as what happens with the purchase of DVDs), pay-per-use sales include a limitation: the work may only be viewed a limited number of times (three, for example).<sup>202</sup> If the user views the work a fourth time, he does so without the authority of the copyright owner, since the copyright owner authorized the user to view the work three times, not four.<sup>203</sup> The pay-per-use restriction amounts to the user contracting away his right to unlimited access.<sup>204</sup> Although the Federal Circuit in *Chamberlain* did not reach the issue of whether a user is liable for accessing works in a manner forbidden by contract,<sup>205</sup> the court has held that users can contract away at least some rights granted them by the copyright laws.<sup>206</sup> Once the customer uses the circumvention device to breach the contract, the circumvention device facilitates copyright infringement every

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<sup>200</sup> H. REP. NO. 105-551, pt. 2, at 23 (1998).

<sup>201</sup> See June M. Besek, *Anti-Circumvention Laws and Copyright: A Report from the Kernochan Center for Law, Media, and the Arts*, 27 COLUM. J.L. & ARTS 385, 474, 479-80 (2004). See also Memorandum from Marybeth Peters, Register of Copyrights, to James H. Billington, Librarian of Congress, Recommendation of the Register of Copyrights in RM 2002-4: Rulemaking on Exemptions from Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies 92 (Oct. 27, 2003), <http://www.copyright.gov/1201/docs/registers-recommendation.pdf>.

<sup>202</sup> Jane Ginsburg, *Copyright Legislation for the “Digital Millennium,”* 23 COLUM.-VLA J.L. & ARTS 137, 142-43 (1999).

<sup>203</sup> See *id.*

<sup>204</sup> Copyright law, by enumerating the exclusive rights of the copyright owner, implies that there are certain rights that are retained by the user. See *id.* at 143.

<sup>205</sup> *Chamberlain*, 381 F.3d at 1202 n.17.

<sup>206</sup> *Bowers v. Baystate Techs. Inc.*, 320 F.3d 1317, 1325 (Fed. Cir. 2003) (holding that copyright law does not preempt contractual limitations prohibiting reverse engineering). In dicta, the Federal Circuit has indicated an unwillingness to extend this ability to § 1201. *Storage Tech. Corp. v. Custom Hardware Eng’g & Consulting, Inc.*, 421 F.3d 1307, 1319 (Fed. Cir. 2005). The contract in that case, however, was between the plaintiff and third parties, not the defendant. *Id.* at 1310.

time it permits the system to copy the digital work into RAM (Random Access Memory) for viewing.<sup>207</sup>

### B. *Fair Use*

The relationship between § 1201 and the fair use doctrine as set forth in § 107 has been difficult and contentious. The *Reimerdes* court, in a decision affirmed by the Second Circuit, appeared to slam the door on fair use in § 1201 when it held that § 1201(a)(1) prohibits “fair uses . . . as well as foul.”<sup>208</sup> Although it is generally accepted that fair use is not a defense to § 1201 violations,<sup>209</sup> § 1201 has been criticized for failing to provide adequate protections for fair use.<sup>210</sup> The *Chamberlain* decision, however, may have altered the relationship between § 107 fair use and § 1201 anti-circumvention. Without explicitly saying so, indeed while claiming not to reach the issue at all,<sup>211</sup> the Federal Circuit in fact opened the door to a § 107 fair use defense for § 1201 violations.

Although the Federal Circuit explicitly refused to reach the question of § 107 fair use in the context of § 1201 violations,<sup>212</sup> language in its decision tends to support a conclusion that fair use is not entirely excluded. While discussing the authorization requirement, the Federal Circuit mentioned that “copyright law itself authorizes the public to make certain uses of copyrighted materials.”<sup>213</sup> In the fifth element of its test, the Federal Circuit required that the device violating § 1201(a)(2) “infring[e] or facilitate infringing a right protected by the Copyright Act.”<sup>214</sup> The plain language of § 107 states that fair use “is not an infringement of copyright.”<sup>215</sup> That, combined with the Federal Circuit’s infringement requirement and copyright law’s explicit authorization of fair use, supports a conclusion that a

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<sup>207</sup> See *Storage Tech. Corp.*, 421 F.3d at 1311 (citing *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518-19 (9th Cir. 1993)).

<sup>208</sup> *Universal City Studios v. Reimerdes*, 111 F. Supp. 2d 294, 304 (S.D.N.Y. 2000), *aff’d sub nom. Universal City Studios v. Corley*, 273 F.3d 429 (2d Cir. 2001).

<sup>209</sup> *Nimmer*, *supra* note 29, at 721 (“[T]here is no such thing as a section 107 fair use defense to a charge of a section 1201 violation”).

<sup>210</sup> See, e.g., Jeff Sharp, *Coming Soon to Pay-Per-View: How the Digital Millennium Copyright Act Enables Digital Content Owners to Circumvent Educational Fair Use*, 40 AM. BUS. L.J. 1 (2002) (discussing fair use in the context of education).

<sup>211</sup> *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1199 n.14 (Fed. Cir. 2004) (“We do not reach the relationship between § 107 fair use and violations of § 1201.”), *cert. denied*, 125 S. Ct. 1669 (2005).

<sup>212</sup> *Id.*

<sup>213</sup> *Id.* at 1202.

<sup>214</sup> *Id.* at 1203.

<sup>215</sup> 17 U.S.C. § 107 (2000).

fair use defense to § 1201(a)(2) violations may be possible under the *Chamberlain* test.

Fair use is an affirmative defense.<sup>216</sup> Once a plaintiff proves that the defendant copied a work, the burden shifts to the defendant to prove that his use was fair. A fair use defense to § 1201(a)(2) could work the same way. Once a plaintiff proves that the defendant's device facilitated the infringement of a right (along with the other five elements of the *Chamberlain* test), the defendant would have the opportunity to present evidence showing that the only uses the accused device permitted were fair uses and therefore the device would not facilitate infringement. If proven, this would negate the fifth element of the *Chamberlain* test and absolve the plaintiff of liability. The Federal Circuit used similar logic when evaluating a DMCA claim involving the exemption for machine maintenance and repair, 17 U.S.C. § 117(c).<sup>217</sup>

While a fair use defense to § 1201(a)(2) may be theoretically possible, as a practical matter such a defense may prove unworkable. A fair use defense requires a balancing of four factors, none of which is more important than the others.<sup>218</sup> For example, one of the fair use factors courts must consider is the "amount and substantiality of the portion used in relation to the copyrighted work as a whole."<sup>219</sup> Aware of this restriction, a device manufacturer might build in a limitation to his device such that only one or two sentences of a given book or other literary work can be copied. However, this apparently reasonable restriction runs into problems when considering a poem only four sentences long. The two sentence limitation now allows the user to copy half the work. A plaintiff might have a good argument that such copying is not fair use.<sup>220</sup> Given the inherently fact-intensive nature of the fair use defense, it appears unlikely that a manufacturer would risk liability under § 1201(a)(2) by manufacturing a circumventing device, even if such a device arguably allows only fair uses.

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<sup>216</sup> *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994).

<sup>217</sup> *Storage Tech. Corp. v. Custom Hardware Eng'g & Consulting, Inc.*, 421 F.3d 1307, 1318 (Fed. Cir. 2005) ("To the extent that CHE's activities do not constitute copyright infringement or facilitate copyright infringement, StorageTek is foreclosed from maintaining an action under the DMCA"). In that case, the plaintiff StorageTek sold cartridge tape libraries, along with software to operate them. *Id.* at 1309. The software is sold under license and is protected by a password scheme called GetKey. *Id.* at 1310. The defendant, a computer repair firm, circumvented GetKey in the course of its maintenance and repair operations. *Id.* The Federal Circuit held that this activity was likely to fall within § 117(c)'s exemption. *Id.* at 1317. If the defendant was not infringing copyright or facilitating infringement of copyright, he would not be in violation of § 1201. *Id.* at 1318.

<sup>218</sup> *Campbell*, 510 U.S. at 578.

<sup>219</sup> 17 U.S.C. § 107(3) (2000).

<sup>220</sup> For example, copying 300 words from a 655-page book has been held not to constitute fair use. *Harper & Row, Publishers, Inc. v. The Nation Enters., Inc.*, 471 U.S. 539, 548, 570 (1985).

Other doctrines of copyright law may provide an answer to the preceding dilemma. In the late 1970's and early 1980's, the Sony Corporation began offering for sale videocassette recorders capable of recording television broadcasts.<sup>221</sup> Several major copyright holders, including Universal Studios and Walt Disney, brought suit, alleging that Sony was liable for the copyright infringement their Betamax videotape recorders permitted.<sup>222</sup> The Supreme Court rejected the plaintiffs' arguments.<sup>223</sup> Drawing from patent law, the Court held that a device manufacturer cannot be held liable for any copyright infringement the device enables so long as the device is also "capable of substantial noninfringing uses."<sup>224</sup>

A doctrine of substantial noninfringing uses could solve the problems, outlined above, of a fair use defense to § 1201 violations. The manufacturer of a circumvention device that enabled copying of a small proportion of a work would be able to argue that the device was capable of substantial noninfringing uses, including fair use (for example, quoting brief passages as part of a review). Since the device would be capable of substantial noninfringing uses, the presence of some infringing uses would be irrelevant.<sup>225</sup> This avoids the problem of potential infringing uses outlined above.

However, such a non-infringing use would have to be substantial, not mere lip service. To ensure the proper balance between users and copyright owners, courts should look carefully at the purposes behind the circumvention device and the means by which the circumvention device achieves its goals. The four factors of the fair use defense provide a good framework for evaluating a circumvention device, though some may be better than others.<sup>226</sup> Thus, courts should consider factors such as the purpose of the circumvention device, the amount of work the device permits the use of, and

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<sup>221</sup> Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 422-23 (1984).

<sup>222</sup> *Id.* at 420.

<sup>223</sup> *Id.* at 421 ("[T]here is no basis in the Copyright Act on which respondents can hold petitioners liable for distributing VTR's to the general public.").

<sup>224</sup> *Id.* at 441.

<sup>225</sup> The bar for substantial noninfringing uses is low. The Grokster peer-to-peer file-sharing service was held to have substantial noninfringing uses because it enabled the distribution of authorized music and public domain materials. MGM Studios, Inc. v. Grokster, Ltd., 380 F.3d 1154, 1161 (9th Cir. 2004), *vacated*, 125 S. Ct. 2764 (2005). In vacating the decision, the Supreme Court did not focus on Grokster's noninfringing uses, but rather on Grokster's intent to cause copyright infringement. MGM Studios, Inc. v. Grokster, Ltd., 125 S. Ct. 2764, 2780 (2005).

<sup>226</sup> The four fair use factors are: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the work as a whole; and (4) the effect of the use on the potential market for or value of the copyrighted work. 17 U.S.C. § 107 (2000). These factors are not exhaustive, nor are they equally balanced; courts may consider other factors and weigh the various factors as they wish. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994).

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the effect on the market for the class of works it permits access to. Towards this end, courts might ask:

\* To whom is it being marketed, to educators or reviewers or to the general public?

\* How much of a work does the circumvention device permit the use of?

\* Would the device seriously impact the market for works it circumvents, or would the market be largely unaffected?

The Federal Circuit's decision in *Chamberlain* contemplates, but does not yet allow, an effective § 107 fair use defense to § 1201 circumvention claims. However, an extension of the existing case law of contributory infringement to § 1201 would permit the protection of important fair use rights and preserve the balance between the public and copyright owners.

#### CONCLUSION

In *Chamberlain*, the Federal Circuit established a new test for violations of the trafficking provisions of the DMCA, 17 U.S.C. § 1201(a)(2), a test that can also be modified to apply to the other portions of the DMCA's anti-circumvention provisions, including 17 U.S.C. § 1201(a)(1). The test is an appropriate balance of competing interests, as it prohibits unscrupulous users from circumventing access protections to make illegal copies and also limits abuse by unscrupulous copyright owners. The Sixth Circuit has led the way in adopting portions of the Federal Circuit's reasoning<sup>227</sup> and other courts should follow.

*Gregory Laurence Clinton\**

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<sup>227</sup> *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 547 (6th Cir. 2004) (citing *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1183 (Fed. Cir. 2004), *cert. denied*, 125 S. Ct. 1669 (2005)).

\* George Mason University School of Law, J.D. Candidate, May 2006. The author would like to thank Bradley Wright of Banner Witcoff for his advice and assistance.