



**BEFORE THE HOUSE COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON COURTS, INTELLECTUAL PROPERTY AND THE
INTERNET**

HEARING ON CHAPTER 12 OF TITLE 17

STATEMENT OF THE LIBRARY COPYRIGHT ALLIANCE

The Library Copyright Alliance (LCA) consists of three major library associations—the American Library Association, the Association of College and Research Libraries, and the Association of Research Libraries—that collectively represent over 100,000 libraries in the United States employing over 350,000 librarians and other personnel. An estimated 200 million Americans use these libraries more than two billion times each year.

LCA has a long history with section 1201 of the Digital Millennium Copyright Act. Its members participated in the legislative process that led to the enactment of section 1201 in 1998. They have also supported the repeated efforts to amend section 1201. Finally, they have participated in all the exemption rulemaking cycles. Based on this extensive engagement, LCA urges that Congress adopt both substantive amendments to section 1201 as well as procedural changes to the rulemaking process.

This statement first explains that the central flaw of the section 1201—its potential to prohibit circumvention of technological protection measures for lawful purposes—was evident when the Clinton administration’s Working Group on Intellectual Property first proposed a circumvention ban. The statement then discusses efforts to

correct this flaw both before and after enactment. Next, the statement describes how the courts have wrestled with this flaw, leading to a circuit split. The statement turns to how the exemption rulemaking process has failed to meet the challenges posed by this flaw. Finally, LCA proposes amendments to section 1201.

I. Early Opposition to Section 1201's Overly Broad Circumvention Ban

The concept of a legal prohibition of the circumvention of anti-copying technology first appeared in the European Union's Software Directive, adopted in 1991.¹ In July of 1994, the Clinton administration's Working Group on Intellectual Property (chaired by Bruce Lehman, the Commissioner of the Patent and Trademark Office), issued a Green Paper that proposed a prohibition on the production and distribution of hardware and software tools that circumvent anti-copying technology. Objections were raised that a prohibition on tools could have the effect of preventing copying for lawful purposes.

Notwithstanding these objections, the Working Group's final report—the so-called White Paper, issued on September 5, 1995—retained the anti-circumvention language. In essence, the White Paper concluded that a broad prohibition on circumvention and circumvention tools would be easier to enforce than a more targeted approach, and that the benefits of easier enforcement—more effective technological means for defeating infringement—outweighed the potential collateral damage to lawful uses. On September 28, 1995, the White Paper's legislative proposals, including the anti-circumvention language, were introduced in both the House of Representatives (as H.R.

¹ In contrast to the later proposals by the Clinton administration's Working Group on Intellectual Property, the Software Directive's prohibition on the circumvention tools expressly excluded tools necessary to effectuate the Directive's exceptions. *See* Article 7.1(c).

2441) and the Senate (as S. 1284). On November 15, 1995, in a joint Senate Judiciary Committee–House Intellectual Property Subcommittee hearing on the legislation, Register of Copyrights Marybeth Peters specifically addressed the proposed section 1201. Although she supported the concept of outlawing devices or services that defeat copyright protection systems, Register Peters nonetheless expressed concerns about the “breadth of the language of Section 120[1] as drafted.”² She urged Congress “to define the offense so as not to potentially sweep within its scope legitimate business behavior.”³ Unfortunately, Congress did not heed her warning. The problem of section 1201’s overbreadth interfering with legitimate activities has been a recurring theme for nearly the past 20 years, and indeed underlies the recent controversy concerning cell phone unlocking.⁴

At the same time that PTO Commissioner Lehman was advocating the anti-circumvention language in Congress, he also was advancing it in the World Intellectual Property Organization, which was considering new copyright treaties. At the November 15, 1995, joint hearing, Senator Orrin Hatch made it clear that he did not want the WIPO process to preempt Congress’s consideration of the pending legislation in any way. Further, in his statement introducing S. 1284, Senator Hatch emphasized that the bill in its present form was just the “starting point” of an in-depth deliberative process.

² Joint Hearing on H.R. 2441 and S. 1284 Before the House Subcomm. On Courts, Intellectual Property, and the Administration of Justice of the House Comm. on the Judiciary, and the Senate Judiciary Comm., 104th Cong., 1st sess. (Nov. 15, 1995) at 25 (statement of Register of Copyrights Marybeth Peters).

³ *Id.*

⁴ The White Paper and its legislative proposals precipitated the formation of The Digital Future Coalition, consisting of over 40 organizations representing the consumer electronics industry, developers of interoperable software, libraries and educational institutions (including LCA members), and consumer groups, opposed to the White Paper’s recommendations.

Nonetheless, Commissioner Lehman aggressively pushed the circumvention issue at the WIPO Diplomatic Conference in Geneva in December of 1996. At the Diplomatic Conference, WIPO adopted a Copyright Treaty and a Performances and Phonograms Treaty. Both treaties contained provisions requiring contracting parties to provide legal remedies against the circumvention of technological measures that protect authors' copyrights. In short, Commissioner Lehman did precisely what Senator Hatch had instructed him not to do. He did an end-run around Congress by convincing WIPO to include in two treaties a prohibition on circumvention of technological protection measures.

After the conclusion of the Diplomatic Conference, the PTO under Commissioner Lehman's direction formulated new anti-circumvention language to implement the WIPO treaties. This language was submitted to Congress in July, 1997. The language Commissioner Lehman proposed was too broad in three different ways:

- It regulated both tools and conduct, rather than just conduct. Virtually any technology can be used for good or evil; the user determines the role the technology plays. Section 1201's approach ran directly contrary to the Clinton administration's stated philosophy with respect to the Internet; it relied on heavy regulation rather than on market-driven solutions.
- It appeared to regulate circumvention, regardless of whether the circumvention actually facilitated infringement. By divorcing the act of circumvention from the act of infringement, the legislation could target circumvention performed for legitimate purposes.

- It addressed the circumvention of access-control technologies *and* copy-control technologies, rather than just the circumvention of copy-control technologies. Because access control is far removed from copyright protection, the prohibition implicated many legitimate activities.

Significantly, the WIPO treaties require none of these overly broad features, as Commissioner Lehman himself conceded to this Subcommittee.⁵ The treaties simply require that “[c]ontracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.”

The WIPO treaties say nothing about tools; they speak only of circumvention. The content community argued that a ban on tools is necessary to afford them “adequate legal protection” and “effective legal remedies,” but this interpretation has no basis in the negotiating history of the treaties.

The WIPO treaties also say nothing about prohibiting circumvention in the absence of infringement. Indeed, the treaties could be read as prohibiting only circumvention that does in fact lead to infringement.

⁵ WIPO Copyright Treaties Implementation Act and Online Copyright Liability Limitation Act: Hearing on H.R. 2281 and H.R. 2280 before the House Subcommittee on Courts and Intellectual Prop., 105th Cong., 1st sess. (Sept. 16, 1997) at 62 (testimony of Assistant Secretary of Commerce and Commissioner of Patents and Trademarks Bruce A. Lehman).

Finally, the WIPO treaties say nothing about controlling access to a work. Rather, the treaties speak of the exercise of their rights under the treaties or the Berne Convention, which do not include an exclusive right over access to the work.

Recognizing the over-breadth of the administration's language, Senator John Ashcroft (R-MO) and Representatives Rick Boucher (D-VA) and Tom Campbell (R-CA) introduced alternative legislation implementing the WIPO treaties. The Ashcroft-Boucher-Campbell (ABC) approach read as follows:

No person, *for the purpose of facilitating or engaging in an act of infringement*, shall engage in conduct so as knowingly to remove, deactivate or otherwise circumvent the application or operation of any effective technological measure used by a copyright owner to preclude or limit reproduction of a work or a portion thereof.

Unlike the Clinton administration's proposal, the ABC formulation focused only on the act of circumvention, not on circumvention devices. Moreover, the ABC formulation did not target all acts of circumvention, only acts of circumvention that facilitated infringement. This would have permitted circumvention for non-infringing purposes.

Rather than adopt the ABC bill's targeted approach, Congress instead created a set of complex exceptions and limitations to the administration's sweeping language, resulting in the convoluted, inconsistent section 1201 we have today. Some of these limitations are of limited effectiveness. For example, section 1201(b), addressing the circumvention of copy controls, originally contained a provision parallel to section 1201(a)(1)—a prohibition on the act of circumventing a copy control. The administration recommended the elimination of this provision in response to the library and education communities' concerns about the impact of the legislation on fair use. The administration suggested that if the prohibition on the circumvention of copy controls

were eliminated, a library engaged in such circumvention for purposes of replacement copying (permitted under 17 U.S.C. § 108) would incur no liability. Though this is technically correct, the administration failed to note that so long as section 1201(b) prohibited the manufacture of tools that could circumvent copy controls, the library had no way of engaging in the circumvention necessary to exercise its section 108 privilege.

Similarly, section 1201(d) provides an exemption for nonprofit libraries, archives, and educational institutions to gain access to a commercially exploited copyrighted work solely to make a good-faith determination of whether to acquire such work. A qualifying institution may gain access only when it cannot obtain a copy of an identical work by other means, and the access may not last longer than is necessary. The provision does not specifically permit the development and distribution of the tools necessary to effectuate the permitted circumvention. Even if permission to develop the tools is implied, the exception has no use. Content providers who want to sell a work to large institutional customers such as libraries and schools would always unlock a sample to demonstrate its features and functions. The library and education associations did not request this exception; rather, it was “given” to them so that members of Congress could claim to have responded to their concerns.

Congress understood that, aside from the exceptions it included in section 1201, there may be other legitimate reasons for circumventing technological protections. Accordingly, Congress suspended application of the prohibition on circumvention of access controls for two years, until the Librarian of Congress could conduct a rulemaking proceeding to determine whether additional exceptions were needed. The DMCA further required the Librarian of Congress to conduct a similar rulemaking every three years

thereafter. The Librarian's principal question is whether the prohibition on circumvention will adversely affect the ability of users of a class of copyrighted works to make non-infringing uses of that class of works in the subsequent three-year period. A narrower section 1201 limited to circumvention that led to infringement would have obviated the need for the rulemaking procedure altogether.

II. Efforts to Amend Section 1201.

As ultimately enacted, section 1201(a)(1) could be understood to prohibit the circumvention of access controls, even if done for a non-infringing purpose, unless the circumvention is specifically permitted by one of the exceptions specified in section 1201. Likewise, sections 1201(a)(2) and 1201(b) could prohibit the manufacture and distribution of circumvention tools, even if they are intended to be used for non-infringing purposes, unless the tools fall within section 1201's specific exceptions. In other words, section 1201 could be interpreted as prohibiting circumvention activity and tools regardless of whether the circumvention results in infringement. Since 1998, several bipartisan bills have been introduced to fix section 1201's central flaw of inadvertently restricting legitimate activities.

A. The Boucher-Doolittle Bill

On October 3, 2002, Representatives Boucher and Doolittle (R-CA) introduced the Digital Media Consumers' Rights Act of 2002 (H.R. 5544). One of the bill's provisions would have amended section 1201.

In introducing their bill, Representatives Boucher and Doolittle recognized that section 1201, by divorcing circumvention from infringement, could have the effect of prohibiting lawful uses of copyrighted works. Although a savings clause in section

1201(c)(1) provided that section 1201 did not affect defenses to copyright infringement, including fair use, fair use was not a defense to a circumvention offense.⁶ Accordingly, Representatives Boucher and Doolittle proposed an amendment that would have made non-infringement a defense to circumvention liability. Specifically, their bill would have amended section 1201(c)(1) to provide that “it is not a violation of this section to circumvent a technological measure in connection with access to, or the use of, a work if such circumvention does not result in an infringement of the copyright in the work.”

Further, the Boucher-Doolittle bill would have created an exception to the prohibition on the manufacture and distribution of circumvention devices when “the person is acting solely in furtherance of scientific research into technological protection measures.” This provision would have codified an argument made by the U.S. Department of Justice during the declaratory judgment action brought by Edward Felten (a professor at Princeton University) against the Recording Industry Association of America. Felten sought a judicial declaration that his research on encryption was lawful. The RIAA responded that the case was moot because the RIAA had withdrawn its objections to his research. The Department of Justice filed a brief in support of the RIAA that argued, among other things, that Felten’s research was plainly permitted by the DMCA. In particular, the Department of Justice argued that, insofar as Felten had developed his software tools for research purposes, he obviously had not developed them “for the purpose of circumventing a technological measure that effectively controls access to a work” – a purpose that triggers liability under section 1201(a)(2)(A). In other

⁶ See *Universal City Studios v. Corley*, 273 F.3d 429 (2d 2001).

words, even though Felten's tool circumvented a technological measure, the tool's real purpose was research, not circumvention.

Soon after the introduction of the Boucher-Doolittle bill, Richard Clarke, then the head of the White House Office of Cyber Security, asserted that the DMCA should be amended to permit the research of security flaws in software. Characterizing threats against academic researchers as a misuse of the law, Clarke said "I think a lot of people didn't realize that it would have this potential chilling effect on vulnerability research."⁷

No action was taken on the Boucher-Doolittle bill before Congress adjourned for the 2002 elections. However, at the beginning of the 108th Congress, in early January of 2003, Representatives Boucher and Doolittle reintroduced their bill. The bill (now designated H.R. 107—an intentional allusion to section 107 of the Copyright Act, which codifies the fair-use doctrine) was referred to the House Energy and Commerce Committee.⁸

On May 12, 2004, the House Energy and Commerce Subcommittee on Commerce, Trade, and Consumer Protection held a hearing on H.R. 107. The subcommittee heard from fourteen witnesses, including Jack Valenti of the Motion Picture Association of America, Cary Sherman of the RIAA, Robert Holleyman of the Business Software Alliance, Gary Shapiro of the Consumer Electronics Association, Miriam Nisbet of the American Library Association, and two law professors: Peter Jaszi (for the Digital Future Coalition) and Lawrence Lessig.

⁷ Shortly after the introduction of the Boucher-Doolittle bill, Intel, Philips, Sun Microsystems, Verizon, and Gateway announced their support, as did the American Library Association, Consumers Union, and the Electronic Frontier Foundation.

⁸ Representative Joe Barton (R-TX), then chairman of the Energy and Commerce Committee, co-sponsored H.R. 107.

Valenti, Sherman, and Holleyman all testified that the legislation would facilitate piracy of content. But many of the other witnesses spoke strongly in favor of the bill, and Chairman Barton indicated his intention to report it out of the committee in the 108th Congress. However, strong lobbying by the copyright industries prevented progress of H.R. 107 in the 108th Congress and of H.R. 1201 (a similar bill introduced by Representative Boucher in the 109th Congress).

B. The Lofgren Bill

On October 2, 2002, Representative Zoe Lofgren (D-CA) also introduced a bill directed at section 1201 of the DMCA: the Digital Choice and Freedom Act of 2002, H.R. 5522. The Lofgren bill, however, took a somewhat narrower approach than the Boucher-Doolittle bill. Under the Lofgren approach, a person could circumvent an access control if the circumvention was “necessary to make a non-infringing use of the work” and “the copyright owner fails to make publicly available the necessary means to make such non-infringing use without additional cost or burden to such person.” Similarly, a person could manufacture and distribute the means to circumvent an access control if the “means are necessary to make a non-infringing use,” the means are “designed, produced, and marketed to make a non-infringing use,” and “the copyright owner fails to make available the necessary means.” The Lofgren bill did not detail how the extra step of the copyright owner’s failing to make available the means of circumventing would operate.

C. H.R. 1201 in the 110th Congress

On February 27, 2007, Representative Boucher introduced another bill to reform the DMCA. Although once again designated H.R. 1201, this bill was narrower than H.R. 1201 in the 109th Congress or H.R. 107 in the 108th Congress. Instead of amending

section 1201 to require a nexus between circumvention and infringement, the new H.R. 1201 codified the exemptions approved by the Librarian of Congress in the 2006 rulemaking. It also provided additional specific exceptions to section 1201 critical to preserving fair use in the digital age.⁹

D. Cell Phone Unlocking

The Subcommittee is well acquainted with the cell phone unlocking controversy, which was precipitated by the Librarian of Congress's decision in 2012 not to renew an

⁹ H.R. 1201 would have exempted the following from liability under section 1201(a)(1)(A):

- (i) an act of circumvention that is carried out solely for the purpose of making a compilation of portions of audiovisual works in the collection of a library or archives for educational use in a classroom by an instructor;
- (ii) an act of circumvention that is carried out solely for the purpose of enabling a person to skip past or to avoid commercial or personally objectionable content in an audiovisual work;
- (iii) an act of circumvention that is carried out solely for the purpose of enabling a person to transmit a work over a home or personal network, except that this exemption does not apply to the circumvention of a technological measure to the extent that it prevents uploading of the work to the Internet for mass, indiscriminate redistribution;
- (iv) an act of circumvention that is carried out solely for the purpose of gaining access to one or more works in the public domain that are included in a compilation consisting primarily of works in the public domain;
- (v) an act of circumvention that is carried out to gain access to a work of substantial public interest solely for purposes of criticism, comment, news reporting, scholarship, or research; or
- (vi) an act of circumvention that is carried out solely for the purpose of enabling a library or archives meeting the requirements of section 108(a)(2), with respect to works included in its collection, to preserve or secure a copy or to replace a copy that is damaged, deteriorating, lost, or stolen.

exemption for cell phone unlocking granted in previous rulemakings.¹⁰ Among the bills that were introduced in response to the public outcry was H.R. 1892, the Unlocking Technology Act of 2013. Co-sponsored by Representatives Zoe Lofgren, Thomas Massie (R-KY), Anna Eshoo (D-CA), and Jared Polis (D-CO), H.R. 1892 went beyond cell phone unlocking, and would have amended section 1201(a)(1)(A) to permit circumvention (and the development of circumvention technologies), “if the purpose of the circumvention is to engage in a use that is not an infringement of copyright....” Additionally, the legislation would have directed the President to “take the necessary steps to secure modifications to applicable bilateral and multilateral trade agreements to which the United States is a party in order to ensure that such agreements are consistent with the amendments made by this Act.”

Congress ultimately decided to take a narrower approach, adopting a temporary fix to the specific problem of cell phone unlocking, which President Obama signed into law in August, 2014. Congresswoman Lofgren submitted additional views in the House Judiciary Committee report on this legislation, stating that “this bill is just a small step in the right direction of a much bigger issue:” correcting how the section 1201’s “broad protections” for digital locks “harms consumer choice, encourages anti-competitive behavior, and stifles innovation....” Congresswoman Lofgren proceeded to explain that the U.S. Court of Appeals for the Sixth Circuit in *Lexmark Intern. v. Static Control Components*, 387 F.3d 522 (6th Cir. 2004)—discussed below—properly found that “using a lock to assert control over a non-copyrightable product rather than to protect

¹⁰ See Jonathan Band, *The End of the Cell Phone Unlocking Saga?*, <http://infojustice.org/wp-content/uploads/2014/07/band-end-of-cell-phone-saga.pdf>, for a detailed discussion of the cell phone unlocking issue.

copyrightable content was not a permissible understanding of 1201. Otherwise, the DMCA could be impermissibly used to protect monopoly.” While Congresswoman Lofgren supported the cell phone unlocking bill, she stated that “it is time for Congress to reexamine section 1201 and make clear that circumvention for uses that do not infringe on copyright are permitted—as was the original intent of the law.”

III. Litigation Concerning the Scope of Section 1201

Since 1995, technologists have argued that section 1201 could chill legitimate research into computer security and the development of innovative products. Libraries and universities contended that section 1201 could prevent copying that was lawful under copyright’s fair-use doctrine or its library exceptions. These critics’ worst fears about the anti-competitive effect of the statute seemed to be validated when two dominant companies attempted to use section 1201 to threaten competitors in aftermarkets. The *Chamberlain* case involved universal transmitters for garage door openers; the *Lexmark* case involved toner cartridges for printers. Fortunately, the judges in these cases interpreted section 1201 in a manner that prevented its anti-competitive use. The Ninth Circuit’s decision in *MDY v. Blizzard*, however, has challenged this interpretation. This circuit split calls for Congressional resolution.

A. *Chamberlain v. Skylink*

Skylink had developed a universal transmitter that could activate Chamberlain garage door openers (GDOs). To do so, software in the Skylink transmitter circumvented a lockout code in a computer program embedded in the Chamberlain GDO that controlled the operation of the GDO’s motor. Chamberlain sued Skylink, alleging that the Skylink

transmitters violated section 1201 because they circumvented a technological protection measure to obtain unauthorized access to the software embedded in the GDO.

The district court granted summary judgment to Skylink on the ground that Chamberlain had given implicit authorization to its customers to circumvent the access controls in the GDOs they had purchased. On appeal, Chamberlain argued that it had not given such authorization. Skylink defended the district court's holding.

The Federal Circuit agreed with the district court that the customers' circumvention was authorized, but devoted most of its opinion to a rationale completely different from that advanced by Skylink. It interpreted section 1201(a) to prohibit circumvention only if it enables access that infringes or facilitates infringement.

The starting point of the Federal Circuit's analysis was its perception that section 1201 did not create a new property right but rather provided property owners with new ways to secure their property. After reviewing section 1201's legislative history, the court concluded that Congress's objective had not been to change the balance of interests in the copyright law but instead to preserve them in the new digital environment.

Specifically, the Federal Circuit noted that in section 1201 "Congress attempted to balance the legitimate interests of copyright owners with those of consumers of copyrighted products. . . . Were we to interpret Congress' words in a way that eliminated all balance and granted copyright owners carte blanche authority to preclude all use, Congressional intent would remain unrealized."¹¹ The court interpreted section 1201(a) as "prohibit[ing] only forms of access that bear a reasonable relationship to the

¹¹ *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 318 F.3d 1178, 1203 (Fed. Cir. 2004).

protections that the Copyright Act otherwise affords copyright owners”¹² and ruled that this was the “only meaningful reading of the statute.”¹³ Thus, the Federal Circuit held that trafficking in a circumvention device violates section 1201(a)(2) only if the circumvention enables access that “infringes or facilitates infringing a right protected by the Copyright Act.”¹⁴ Here, Chamberlain failed to show “the critical nexus between access and protection.”¹⁵ It “neither alleged copyright infringement nor explained how the access provided by the [Skylink] transmitter facilitates the infringement of any right the Copyright Act protects.”¹⁶

B. Lexmark v. Static Control Components

Less than two months after the Federal Circuit issued its decision in *Chamberlain*, the U.S. Court of Appeals for the Sixth Circuit issued its decision in *Lexmark v. Static Control Components*. Although the panel opinion does not go as far as *Chamberlain*, the concurring opinion by Judge Merritt goes even farther.

Lexmark had designed the software embedded in its printer—the printer engine program (PEP)—to permit the printer to operate only if it recognized an authentication sequence from the toner loading program (TLP) embedded in the toner cartridge. Lexmark had done this to prevent the use of other manufacturers’ less expensive toner cartridges in its printers. Static Control Components (SCC) manufactured the Smartek chip, which it sold to manufacturers of replacement toner cartridges. The Smartek chip

¹² *Id.* at 1202.

¹³ *Id.* at 1203.

¹⁴ *Id.*

¹⁵ *Id.* at 1204.

¹⁶ *Id.* The Federal Circuit reaffirmed its *Chamberlain* holding in *Storage Technology Corporation v. Custom Hardware*, 421 F.3d 1307 (Fed. Cir. 2005).

contained a copy of the Lexmark TLP that enabled the replacement toner cartridges to operate in Lexmark printers. Lexmark sued SCC for infringing the copyright in the TLP and for violating section 1201 by circumventing the technological measures that protected access to the TLP and the PEP. The district court found that Lexmark was likely to prevail on the merits of both claims and entered a preliminary injunction in its favor.

The Sixth Circuit reversed with respect to both the copyright claim and the DMCA claim. The Sixth Circuit found that the TLP likely did not contain any protectable expression. With respect to the section 1201 claim, the Sixth Circuit found that the technological measures employed by Lexmark did not effectively control access within the meaning of the statute.

Judge Merritt wrote a concurring opinion that argued for broadening the majority's holding. "We should make clear," he wrote, "that in the future companies like Lexmark cannot use the DMCA in conjunction with copyright law to create monopolies of manufactured goods for themselves just by tweaking the facts of this case: by, for example, creating a [TLP] that is more complex and 'creative' than the one here, or by cutting off other access to the [PEP]. . . . The key question is the 'purpose' of the circumvention technology."¹⁷

Judge Merritt rejected Lexmark's interpretation of the DMCA, which would have imposed liability for any circumvention of a technological measure regardless of the purpose of the circumvention. If the court were to adopt Lexmark's reading of the statute,

¹⁷ *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 551-52 (6th Cir. 2004)(Merritt, J., concurring).

he noted, “manufacturers could potentially create monopolies for replacement parts simply by using similar, more creative, lock-out codes. Automobile manufacturers, for example, could control the entire market for replacement parts for their vehicles by including lock-out chips.”¹⁸ According to Judge Merritt, this reading “ignores . . . the main point of the DMCA—to prohibit the pirating of copyright protected works such as movies, music, and computer programs.”¹⁹ Judge Merritt concluded that unless a plaintiff can show that a defendant “circumvented protective measures ‘for the purpose’ of pirating works protected by the copyright statute,”²⁰ its claim should not be allowed to go forward. This interpretation of the DMCA is similar to the Federal Circuit’s in *Chamberlain*.

Judge Merritt also opined that Lexmark’s interpretation ran contrary to the objective of the intellectual-property clause of the Constitution—promoting the progress of science and useful arts:

[Lexmark’s reading] would allow authors exclusive rights not only over their own expression, but also over whatever functional use they can make of that expression in manufactured goods. Giving authors monopolies over manufactured goods as well as their own creative expression will clearly not “promote the Progress of Science and the useful Arts,” but rather would stifle progress by stamping out competition from manufacturers who may be able to design better or less expensive replacement parts like toner cartridges.²¹

Judge Feikens wrote a separate opinion appeared to reach a similar conclusion on the intent of the section 1201. He described its legislative history as demonstrating that “Congress did not intend this provision to apply to devices that merely facilitated

¹⁸ *Id.* at 552.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.* at 553.

legitimate access.”²² Judge Feikens reasoned that “[b]ecause Defendant’s chip can only make non-infringing uses of the Lexmark [PEP], it is clear that Congress did not intend to apply the DMCA to this situation.”²³

C. *MDY v. Blizzard*

Two of the three judges on the *Lexmark* panel agreed with the *Chamberlain* panel that section 1201 liability should attach only to circumvention that facilitates infringement. These decisions arguably accomplished precisely what Ashcroft, Boucher, and Campbell sought in their alternative to the Clinton administration’s WIPO-implementation bill and what Representative Boucher attempted to achieve in his amendments to section 1201.

However, the Ninth Circuit in *MDY Industries, LLC v. Blizzard Entertainment, Inc.*, 629 F.3d 928 (9th Cir. 2010) firmly rejected the position that section 1201 liability required any nexus between circumvention and infringement. MDY developed Glider, a computer program that continued playing World of Warcraft (WoW) while the user was away from the computer. Blizzard, owner of the copyright in WoW, implemented technological measures to defeat programs such as Glider. For example, Blizzard used a program called Warden, which scanned a user’s hard drive for unauthorized programs before allowing the user to log onto the game server. Another component of Warden periodically scanned the user’s memory while the user was playing WoW, again looking for unauthorized software such as Glider. MDY had redesigned Glider several times to avoid detection by Warden. Blizzard sued MDY, claiming (among other things) that it was trafficking in a circumvention technology in violation of 17 U.S.C. 1201(a)(2). The

²² *Id.* at 564 (Feikens, J., concurring in part).

²³ *Id.*

district court found that Blizzard had succeeded in showing all the elements of a circumvention violation.

On appeal, MDY argued that under the Federal Circuit’s decision in *Chamberlain v. Skylink*, 381 F. 3d 1178 (Fed. Cir. 2004), the circumvention had to facilitate infringement, and here there was no nexus between circumvention and infringement. After reviewing the language of section 1201 and its legislative history, the Ninth Circuit stated that “While we appreciate the policy considerations expressed by the Federal Circuit in *Chamberlain*, we are unable to follow its approach because it is contrary to the plain language of the statute.”²⁴ It added that the Federal Circuit’s “approach is based on policy concerns that are best directed to Congress in the first instance, or for which there appear to be other reasons that do not require such a convoluted construction of the statute’s language.”²⁵

The split between the Federal Circuit and the Ninth Circuit may explain the Fifth Circuit’s withdrawal of a favorable decision in *MGE UPS v. GE Consumer and Industrial Inc.*, 622 F.3d 361 (5th Cir. 2010). A manufacturer of power supply machines alleged that an independent maintenance organization had circumvented technological protections so as to enable it to use maintenance software on the manufacturer’s machines. In its July 2010 decision, the Fifth Circuit affirmed the district court’s dismissal of the section 1201 claim, following the holding of the Federal Circuit in *Chamberlain v. Skylink* that there must be a nexus between circumvention and copyright infringement for a section

²⁴ *Id.* at 950.

²⁵ *Id.* Nonetheless, the Ninth Circuit explicitly “d[id] not reach the relationship between fair use under § 107 of the Copyright Act and violations of § 1201. MDY has not claimed that Glider use is a ‘fair use’ of WoW’s dynamic non-literal elements. Accordingly, we too leave open the question whether fair use might serve as an affirmative defense to a prima facie violation of § 1201.” *Id.* at 950, n.12.

1201 violation to occur. In response to the manufacturer's motion for rehearing, the Fifth Circuit in October 2010 withdrew the language about a nexus between infringement and circumvention, and affirmed the dismissal of the section 1201 claim on the narrower basis that there was no evidence that the independent maintenance organization (as opposed to an unnamed third party) had performed the circumvention.

IV. The Rulemaking Process

As noted above, section 1201(a)(1) authorizes the Librarian of Congress to conduct a rulemaking every three years for the purpose of adopting temporary exemptions to section 1201(a)(1)'s prohibition on the circumvention of access controls. LCA members have participated in each rulemaking cycle. Some of their applications for exemptions have been granted, while others have been rejected.

The section 1201 rulemaking is an exercise in legal theatre. All the parties to the rulemaking—those seeking an exemption, the rights holders, and the Copyright Office staff—acknowledge that it is unclear whether the rulemaking has any practical effect. This is because section 1201(a)(1)(C) authorizes the Librarian of Congress to adopt exemptions to the Section 1201(a)(1)(A) prohibition on the act of circumventing a technological protection measure, but not to the section 1201(a)(2) prohibition on the development and distribution of circumvention tools. In other words, after receiving an exemption, a person might be legally permitted to perform the act of circumvention, but might have no lawful way of obtaining the technological tools necessary to perform that act.

Similarly, all the parties understand that what occurs inside the hearing room has no connection to the world outside it. In the last three rulemaking cycles, LCA has joined

with other groups in seeking exemptions for educators and students to circumvent the TPMs on DVDs for the purpose of making educational uses of film clips. The rights holders know that the uses we seek will not harm their market in any way. They also know that whether the exemption is granted or rejected will have absolutely no impact on the level of infringement. This is because the technology necessary to circumvent the TPMs on DVDs is widely available on the Internet and easy to use. Nonetheless, the rights holders reflexively oppose the exemption or seek to narrow it so that it would be unusable. As a result, the discussions in the rulemaking descend into hyper-technical issues such as the quality of video necessary for effective pedagogy in different kinds of courses in different levels of education.

Moreover, in two rulemaking cycles, witnesses from the Motion Picture Association of America (MPAA) demonstrated how a person could camcord a film off of a high definition television. MPAA was attempting to show that a relatively high quality recording could be made without circumventing a technological protection measure. What it succeeded in proving, however, was the contradiction underlying its position. If one could obtain a high quality copy without circumvention, why use technological protection measures in the first place, and why should their circumvention be unlawful? Moreover, the MPAA was demonstrating how to camcord a film precisely at the same time it was asking Congress, state governments, and foreign legislatures to impose criminal penalties on camcording.

The surreal quality of the Section 1201 rulemakings has also been evident in connection with the exemptions sought by the blind to circumvent TPMs that disable the text-to-speech function on e-books. In the first hearing concerning this exemption, a

representative of the Association of American Publishers argued that blind already had an exception from copyright liability under the Chafee amendment, 17 U.S.C. § 121, and thus did not need an exemption from section 1201 liability. Fortunately, the Librarian of Congress rejected this position, which would have denied blind people the benefits of e-books. Nonetheless, in the following rulemaking cycle, the rights holders complained that the blind did not meet their burden of proof concerning their need for renewal of the exemption. And in the cycle after that, the Register of Copyrights recommended against an exemption on the grounds of insufficient evidence, but the Librarian of Congress wisely overruled her.

Although the section 1201 rulemaking process is legal theatre, the cost of admission is extremely high, particularly for nonprofit organizations. An entity seeking an exemption must: 1) assemble the evidence to support an exemption; 2) prepare a written request that includes the text of the proposed exemption, an argument in favor of the exemption, and a recitation of the relevant facts; 3) prepare a written reply to oppositions to the request; 4) participate in a hearing in Washington D.C.; and 5) prepare a written response to the Copyright Office's follow-up questions. From start to finish, the process can take more than a year. The Copyright Office is considering some technical changes to its process, but these changes will not affect the overall cost of securing an exemption.²⁶

²⁶ The rulemaking is also burdensome on the Copyright Office. In the 2012 cycle, the Copyright Office received 674 requests for exemptions. In the 2010 cycle, the Register's recommendations to the Librarian of Congress were 262 pages long. The cycle actually should have been completed in 2009, but the Copyright Office could not meet that schedule. Instead, it issued an interim rule that extended the 2006 exemptions until the new rule was issued in 2010.

V. PROPOSED AMENDMENTS

The fact that every three years the blind need to expend scarce resources to petition the Librarian of Congress to renew their exemption—or that libraries and educators have to seek renewal of the film clip exemption every three years—demonstrates the fundamental flaw in section 1201. That flaw is that section 1201 could be interpreted to prohibit the circumvention of a technological protection measure even for the purpose of engaging in a lawful use of a work. Congress should adopt the approach proposed by the Technology Unlocking Act of 2013 and its predecessors, attaching liability to circumvention only if it enables infringement.

With respect to the rulemaking, it should be broadened to apply to sections 1201(a)(2) and (b). Further, the requirement that an exemption be renewed *de novo* every three years is enormously burdensome. Accordingly, when a person seeks renewal of an exemption granted in the previous rulemaking cycle, the burden should be on those opposed to renewal to demonstrate why the exemption should not be renewed or should be modified in some manner.²⁷ Moreover, if a second renewal is granted, the exemption should become permanent.²⁸

Additionally, the final rulemaking authority should be shifted from the Librarian of Congress to the Assistant Secretary for Communications and Information of the Department of Commerce. Currently, the Librarian issues the exemptions on the

²⁷ The Library of Congress currently places on those seeking an exemption (or renewal of an exemption) the burden of proving that they are likely to be adversely affected by the prohibition on circumvention. Section 1201, however, does not allocate the burden of proof. Thus, the Library on its own could shift the burden of proof in the case of a renewal.

²⁸ An amendment that allows additional permanent exceptions to the circumvention prohibition may require renegotiation of free trade agreements.

recommendation of the Register of Copyrights, who must consult with the Assistant Secretary. This process should be reversed, with the Assistant Secretary making final determinations after consulting with the Register of Copyrights. Neither the Copyright Office nor the Librarian of Congress has any special expertise to evaluate the adverse effects of a circumvention prohibition. This is particularly true in the case of software. An ever-increasing range of products incorporates software that regulates the interaction of the components of the product, and the interaction between the product and other products and networks. By prohibiting the circumvention of technological measures that control access to software, section 1201 directly implicates the competitive conditions in large segments of our economy. The conflicts over “jailbreaking,” cell phone unlocking, replacement toner cartridges, and universal garage door opener remote controls are only the beginning. The Internet of Things envisions a world where the software in devices from pacemakers to refrigerators to cars are monitored and controlled over telecommunications networks. The National Telecommunications and Information Administration is much better situated than the Copyright Office and the Library of Congress to evaluate the adverse impact of restricting competition in such a networked world.

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