

9-1-2004

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Recommended Citation

Molly Torsen, *Lexmark, Watermarks, Skylink and Marketplaces: Misuse and Misperception of the Digital Millenium Copyright Act's Anticircumvention Provision*, 4 Chi. -Kent J. Intell. Prop. 117 (2004).

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Lexmark, Watermarks, Skylink and Marketplaces: Misuse and Misperception of the Digital Millennium Copyright Act's Anticircumvention Provision

By

Molly Torsen*

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ABSTRACT

The Digital Millennium Copyright Act was not intended to curb circumvention for purposes of reverse-engineering that leads to technical interoperability. As an Act meant to mend some of the awkward bridges between an analog culture and a digital culture, the Digital Millennium Copyright Act has been shown to contain some ambiguous language that courts have interpreted inconsistently. Recent case law demonstrates opposite conclusions regarding reverse-engineering for purposes of attaining interoperability; the correct interpretation continues to allow for it, just as traditional copyright law would.

The Digital Millennium Copyright Act [hereinafter "DMCA"] provides that "no person shall circumvent a technological measure that effectively controls access to a work protected under this title."¹ According to Congress, the DMCA was designed "to facilitate the robust development and world-wide expansion of electronic commerce, communications, research, development, and education in the digital age."² Furthermore, the DMCA was meant to "provide certainty for copyright owners and Internet service providers with respect to copyright infringement liability online."³ The DMCA is necessary in an age when material can be illegally copied and distributed over the Internet without the need for technological expertise. However, when the DMCA is

¹ The Digital Millennium Copyright Act, 17 U.S.C. § 1201.

² Mr. Hatch, from the Committee on the Judiciary, 105th Congress Report, Senate 2d session, May 11, 1998.

³ *Id.*

improperly applied and traditional copyright law is trumped by excising the fair use provision, the DMCA adversely effects technological innovation.⁴

The “work” referred to in the DMCA is simply something that can be copyrighted under the original Copyright Act. However, regardless of the form or format in which it is described or explained, copyright protection for an original work of authorship never extends to an idea, procedure, process, system, method of operation, concept, principle, or discovery.⁵ The Copyright Act includes a subset of subject matter referred to as “literary works,” such as computer programs in object or source code.⁶ The DMCA provides for a ban related to use controls in § 1201(b)(1), which has been described as “a deliberate attempt by Congress to allow for fair use.”⁷ If this were *not* Congress’ intent, when an underlying act of copying is lawful--such as when there is a fair use--a prohibition on the act of circumventing a use control would functionally prohibit the permissible use.⁸

The DMCA is an improper conduit through which the marketplace of digital technologies is altered. The reverse-engineering provision in the DMCA, section 1201(f), is an exception that “permits circumvention, and the development of

⁴ *Calling on Congress to Amend the Digital Millennium Copyright Act and Improve Trade with Chile, Singapore and Other Trading Partners*, quoting Rep. Boucher, available at <http://www.house.gov/boucher/docs/lofgren.htm> (last visited Feb. 28, 2004).

⁵ 17 U.S.C. § 102(b).

⁶ *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249 (3d Cir. 1983).

⁷ Robert P. Taylor and Ethan B. Andelman, *Anticircumvention under the DMCA: Where Do We Stand After Five Years?*, *The Computer & Internet Lawyer*, Vol. 21, No. 3, March 2004, at 2, citing *U.S. v. Elcom, Ltd.*, 203 F. Supp. 2d 1111, 1120 (N.D. Cal. 2000)

⁸ R. Anthony Reese, *Will Merging Access Controls and Rights Controls Undermine the Structure of Anticircumvention Law?*, 18 *BERKELEY TECH L. J.* 619, 647 – 352 (2003).

technological means for such circumvention, by a person who has lawfully obtained a right to use a copy of a computer program for the sole purpose of identifying and analyzing elements of the program necessary to achieve interoperability with other programs....”⁹ There is no provision in the DMCA that provides new rules for the digital marketplace; circumvention is still permissible.

Given this fundamental notion, and coupled with this skeletal framework for copyright law, this writing will critique the recent case *Lexmark International, Inc., v. Static Control Components, Inc.*,¹⁰ which unjustifiably chilled marketplace competition when the court held that the defendant’s copying of the plaintiffs’ programs did not constitute fair use. The *Lexmark* case will then be related to legislative materials and compared with other recent literature. With those materials as a backdrop, new formats for digital rights management will be examined, and their legitimacy will be discussed through a filter of economic reasoning. Finally, it will be shown that the decision in *Chamberlain Group v. Skylink Technologies*¹¹ better interprets the pith of the DMCA than does the *Lexmark* case.

I. The Lexmark Case

Lexmark, Inc. [hereinafter “Lexmark”] produces, *inter alia*, laser printers and toner cartridges. Lexmark manufactures two different kinds of cartridges, an expensive version that works interchangeably with other toner brands and a less-expensive version

⁹ U.S. Copyright Office Summary of the Digital Millennium Copyright Act of 1998, at 5.

¹⁰ 253 F. Supp. 2d 943 (E.D. Ky. 2003).

¹¹ 292 F. Supp. 2d 1040 (N.D. Ill. 2003).

that must be sent back to Lexmark upon its expiry for replacement.¹² This latter version is equipped with a computer code on a microchip that prevents other brands of toner from being compatible with the cartridge. Static Control Components, Inc. [hereinafter “Static”] is a company that manufactures and sells, *inter alia*, components for remanufactured toner cartridges, including the “Smartek” chip. The Smartek chip enabled Lexmark customers to forego purchasing a new box of Lexmark toner for the less-expensive cartridge.¹³

Lexmark filed a complaint in December of 2002, asserting that the “Smartek” chip manufactured by Static infringed Lexmark’s DMCA copyright protection in its Toner Loading Program. The program involves a sequence of technological communications that authenticate a toner after determining whether the toner is compatible with the Lexmark hardware. Static “acknowledge[d] that it specifically designed its Smartek microchip to circumvent Lexmark’s authentication sequence.”¹⁴ Static argued that the purpose of the DMCA was to prevent software piracy, and not to affect efforts to make different companies’ hardware compatible, i.e., interoperable, with each other. In March of 2003, the *Lexmark* court disagreed with Static’s argument, finding that Static’s activity was “wholesale, identical copying of Lexmark’s Toner Loading Programs for commercial exploitation and profit.”¹⁵ However, the *Lexmark* court did not adequately incorporate the reasoning from the 1992 Ninth Circuit case

¹² Jesse Walker, *Static Controls: Copyrights and Printer Cartridges*, ASAP, Gale Group, Oct. 1, 2003.

¹³ *Lexmark v. Static Control*, *supra* note 10, at 946.

¹⁴ *Id.*, at 955.

¹⁵ *Id.*

Sega Enters. Ltd. v. Accolade, Inc.,¹⁶ wherein the court allowed the narrow exception of copying a copyrighted program for purposes of reverse-engineering activities. The *Sega* court struggled with copyright fair use factors and public policy concerns, but found this exception permissible since reverse-engineering was the only way to analyze the ideas embedded in computer programs.¹⁷ The *Lexmark* court distinguished *Sega* by pointing out that Static “did not have to engage in wholesale copying of the Toner Loading Programs in their entirety to enable interoperability.”¹⁸

Static appealed the decision and filed an antitrust suit against Lexmark for trying to monopolize the market for toner cartridges that are used in Lexmark printers.¹⁹ After the preliminary decision in the antitrust case, Static asked the Copyright Office for permission under the DMCA to reverse-engineer the computer chips in Lexmark’s printers.²⁰ The DMCA protects the right to reverse-engineer a product for the purposes of making another product work with it:

Notwithstanding the provisions of subsection (a)(1)(A), a person who has lawfully obtained the right to use a copy of a computer **program may circumvent a technological measure** that effectively controls access to a particular portion of that program for the sole purpose of identifying and analyzing those elements of the program that are necessary to achieve interoperability of an independently created computer program with other programs, and that have not previously been readily available to the person engaging in the circumvention, to the

¹⁶ *Sega Enters. Ltd. V. Accolade, Inc.*, 977 F. 2d 1510 (9th Cir. 1992).

¹⁷ *Lexmark*, *supra* note 10, at 959.

¹⁸ *Id.*, at 961.

¹⁹ See, e.g., Sridhar Hardur, *Man with a Mission*, HP World, Vol. 8 No. 1, available at <http://www.hpworld.com/hpworldnews/hpw401/news7.jsp>. “Static has filed an appeal in the United States Court of Appeals, Sixth Circuit, against the Kentucky court’s preliminary injunction.” *Id.*

²⁰ Lorraine Woellert, *Let Reverse-Engineering Go Forward*, Business Week Online, Nov. 5, 2003.

extent any such acts of identification and analysis **do not constitute infringement** under this title.²¹

The Copyright Office registrar decided that “interoperability necessarily includes...concerns for functionality and use, and not only of individual use, but for enabling competitive choices in the marketplace.”²² The Copyright Office did not grant the exemption because the above provision from 17 U.S.C. § 1201(f)(1) indicated that no exemption was necessary, and both Static Control and Lexmark claimed victory from this decision.²³ The Copyright Office agreed with Static Control – and the great majority of commentators – that the DMCA was never intended to lock out aftermarket competition.²⁴

In a well-written amicus brief in support of Static’s position, the Computer and Communications Industry Association honed in on the Copyright Office’s point, *i.e.*, in order to prevent precisely the sort of anticompetitive use of the DMCA that Lexmark chose to employ, Congress crafted an exception in Section 1201(f) for the express purpose of permitting the circumvention necessary to achieve interoperability between two software components.²⁵ In regard to the *Lexmark* court’s finding that Static produced its technology by “wholesale copying,” the amicus brief cited *Computer*

²¹ 17 U.S.C. § 1201(f)(1). Emphasis added.

²² Woellert, *supra* note 20, quoting Marybeth Peters.

²³ Frank Ahrens, *Caught by the Act*, Newsbytes, Nov. 12, 2003.

²⁴ Stephen M. Kramarsky, *Digital Copyright Act: Law is Designed to Stop Pirates, Not Aftermarket Competition*, New York Law Journal, Dec. 23, 2003.

²⁵ Amicus Brief in Support of Static Control Components, Inc., Computer and Communications Industry Association, 9, July 1, 2003.

Associates International v. Altai;²⁶ the court there referred to well-settled copyright law by recognizing that, as utilitarian works, computer programs are highly constrained by external factors.²⁷ Clearly, interoperability has gained a special place in relation to fair use and reverse engineering and is permissible. The *Altai* court correctly ruled that similarities resulting from the need to interoperate with other components of a computer system did not constitute copyright infringement.²⁸

The *Lexmark* court further tried to justify its position by noting that:

Lexmark's Prebate program ha[d] been in existence and widely publicized since 1997, well before the sale of Lexmark's...laser printers at issue here, and allows customers an unfettered choice in selecting remanufacturing options, *i.e.*, an up-front discount for a Prebate toner cartridge to be returned only to Lexmark for remanufacturing or a regular toner cartridge capable of being remanufactured by anyone.²⁹

The court noted prior holdings on the same issue and decided that an after-market antitrust theory will not support an antitrust claim when the accused party has

²⁶ 982 F. 2d 693 (2d Cir. 1982).

²⁷ “In short, in the computer industry, overly broad intellectual property protection directly restricts competition and innovation. For this reason, U.S. courts in recent years have held that interface specifications fall on the idea (or unprotected) side of copyright’s idea/expression dichotomy.” Amicus Brief, *supra* note 25, at 5, citing *Computer Assocs. Int’l v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992); *Lotus Dev. Corp. v. Borland Int’l, Inc.*, 49 F.3d 807 (1st Cir. 1995), *aff’d* by an equally divided Court, 516 U.S. 233 (1996); *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366 (10th Cir. 1997); *Sega*, 977 F.2d at 1524-1525; Jonathan Band & Masanobu Katoh, *Interfaces on Trial*, 131-146 (1995); 1 Paul Goldstein, *Copyright* § 2.15.2.1-2.15.2.2 (2d ed. 1998).

²⁸ *Id.*, at 709-10.

²⁹ *Lexmark*, *supra* note 10, at 966.

been forthcoming about its policies and has not surreptitiously changed them.³⁰ The court ultimately granted Lexmark's Motion for a Preliminary Injunction.³¹

The Lexmark court's decision is not in line with the letter and spirit of the DMCA. Moreover, the decision nullifies important public policy considerations because it unjustifiably curbs interoperability and chills competition. Whether or not Congress decides to clarify this portion of the DMCA, the Lexmark case, with its unintended consequences, will likely be memorialized in legal history books.³² The *Lexmark* decision has extended the DMCA anticircumvention provisions to activities that would have been considered fair use exceptions by most courts prior to the enactment of the DMCA.³³

II. Copyright Law – Elements Pertaining to this Discussion

Interoperability in technology is vitally important and essential to promoting competition in the software industry. Nationwide, courts have interpreted copyright law in a manner that does not defeat software interoperability.³⁴ The difficulty inherent in the Lexmark issue is that advanced technological devices are utilized to block reverse-engineering. According to Static Control, many industries act similarly when they manufacture products that need to be compatible with other systems; for example, the aftermarket that makes wiper blades for cars, and video-game cartridges for game

³⁰ *Id.*

³¹ *Id.*, at 974.

³² Kramarsky, *supra* note 24.

³³ Taylor and Andelman, *supra* note 7, at 4.

³⁴ Amicus Brief, *supra* note 25, at 22.

consoles.³⁵ The nature of the thing being protected – in this case a chip that rejects incompatible cartridges – is most likely what causes the consternation.

If it were a special kind of wiper blade for a car, and a company figured out how to design it based on various experiments and calibrations, is it really a different thing? That Lexmark took the extra step of designing the computer chip to protect itself is certainly not insignificant, but perhaps the wiper blade-maker chose an extremely rare plastic in the hopes that no one would be able to reproduce it. The issue is the same, but the media are different. Technology is easier to misappropriate without protection in an age where people from all over the world have some degree of technological savvy but probably not much familiarity with hardware and raw materials. Moreover, it is more likely that the average person can circumvent technological barriers than it is for that person to have the expertise and equipment available to produce a wiper blade. The bottom line is that “[l]aws intended to protect against copyright infringement should not inhibit innovation and consumer choice.”³⁶

A. Fair Use Exceptions

Section 107 of the Copyright Act, detailing how to make legitimate and non-infringing copies, is related to the above discussion of new technologies. Courts weigh various factors to determine whether a challenged activity qualifies as fair use, including: (1) the purpose and character of the use; (2) whether the use is commercial or not; (3) the nature of the work (wherein factual works receive less protection); (4) the

³⁵ Ahrens, *supra* note 23.

³⁶ *Copyright and Fair Use; Repeated Abuse of a Statute is a Sign that the Law Itself is Defective*, eWeek, Dec. 8, 2003.

amount and substantiality of the allegedly infringed work; and (5) the effect of the infringement upon the potential market for the work.³⁷ As new technologies develop, courts generally have the first opportunity to apply copyright law to them, and Congress has the opportunity to change law as a result of unforeseen outcomes.³⁸ The public, technologists, and copyright owners are therefore saved from having to apply to Congress for legislative guidelines for each new technology that is developed.³⁹

The 1984 Supreme Court case *Sony v. Universal Studios*,⁴⁰ discusses the fair use issue. In *Sony*, Universal Studios and the Walt Disney company sued Sony, seeking to have the Betamax VCR impounded as a tool of piracy. Universal Studios and the Walt Disney company felt that home taping of television violated the copyright owner's reproduction right. The Supreme Court disagreed and ruled that "time-shifting," or taping for later use, was a fair use of the material. In essence, the Supreme Court interpreted the Copyright Act and restructured the doctrine in response to technological changes. Motion picture studios argued that Sony should build a sensor into every VCR that would detect a signal that the video was store-bought. A more recent example of fair use exceptions includes the MP3 and the ensuing development of technologies such as MP3 jukeboxes, music servers, and Internet radio players. These advancements in

³⁷ 17 U.S.C. § 107.

³⁸ See, e.g., Scott Moskowitz, Report to Congress Pursuant to Section 104 of the Digital Millennium Copyright Act, Nov. 29, 2000, available at <http://www.bluespike.com/usco.html> (last visited July 31, 2004).

³⁹ Fred von Lohmann, *Fair Use and Digital Rights Management: Preliminary Thoughts on the (Irreconcilable?) Tension between Them*, Computers, Freedom & Privacy, Apr. 16, 2002.

⁴⁰ *Sony v. Universal Studios*, 464 U.S. 417 (1984).

music technology are the “space-shifting” equivalent of the VCR’s “time-shifting” justification.

B. Reverse-Engineering

Both legislation and court opinions show that reverse-engineering is a legitimate way of discovering how something works. Reverse-engineering is an important method for disseminating ideas, and it encourages competition in the marketplace. In *Kewanee Oil v. Bicron*,⁴¹ the Court defined reverse-engineering as a “fair and honest means of starting with the known product and working backwards to divine the process which aided in its development or manufacture.”⁴² Congress has passed legislation in several realms of technology that specifically permit reverse-engineering, such as the Semiconductor Chip Protection Act and the Competition of Contracting Act of 1984. The Semiconductor Chip Protection Act, which explicitly privileges reverse-engineering, allows chip designers to study the layout of circuits and to incorporate that knowledge into the design of new chips. The Competition of Contracting Act of 1984 allows the defense industry to inspect and analyze the spare parts it purchases in order to facilitate competition in government contracts.

Reverse-engineering has been described by many courts as an important part of software development, although legislation on this issue is less clear.⁴³ In circumstances involving anti-reverse-engineering licensing provisions, however, courts must first determine whether the enforcement of these provisions within contracts is

⁴¹ *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974).

⁴² *Id.*, at 476.

preempted by federal intellectual property law. Under the DMCA, for example, claims involving the circumvention of technological protection systems must be analyzed as to whether the reverse-engineering in question qualifies under any of the exemptions in federal law. It is important to remember that the DMCA was meant to help copyright law adjust to some of the new issues brought to the forefront by new technology. However, the basic tenets of copyright law, including reverse-engineering and fair use provisions, were not meant to be altered.

C. The Economics of Copyright Law

Fair use and reverse-engineering are two available tools for examining the economic health and stability of a given copyright schema. Mark A. Lemley's 1997 law review article, *The Economics of Improvement in Intellectual Property Law*,⁴⁴ provides an excellent discussion of the various elements in play at the nexus of economics and copyright. Lemley points out that the relationship between creation and an economic model indicates that creation occurs in some kind of a context and not a vacuum. An individual author's creation relies on his or her past experience, which invariably and unavoidably builds on other authors' works. Intellectual property regimes curb the extent to which this is done. The question then becomes: How can one improve upon something without using the previous model? Intellectual property laws at this juncture must choose – or strike a balance – between a creator of an older work

⁴³ See, e.g., Chilling Effects, Reverse Engineering, available at <http://www.chillingeffects.org/reverse/> (last visited Aug. 19, 2004).

⁴⁴ Mark A. Lemley, *The Economics of Improvement in Intellectual Property Law*, 75 Tex. L. Rev 989 (1997).

and a creator of a newer work. This analysis does not even consider the choice between favoring creators over purchasers or vice versa.

Copyright law does not prevent another from using a work but only specifically prevents its replication *in the public arena*. This small point is of vital importance in the remainder of the analysis of copyright vis à vis the marketplace. Copyright infringement is tested by comparing the accused work with the original work to determine whether a threshold amount of copying has occurred. Verbatim or exact copying is, of course, infringement. Beyond this bright line, however, different theories come into play, one of which is fair use. The fair use doctrine is a unique form of protection in some circumstances for potential ‘improvers.’ For example, where the copying is unlikely to have a significant effect on the market, infringement is less likely to be found. The fair use doctrine illustrates U.S. intellectual property law and its ties to the economic gain it fosters. The connection between U.S. intellectual property law and economic gain is different from some other regimes, wherein moral rights of authors are a greater focus.

Lemley argues, however, that United States copyright law is significantly more hostile to improvements than is patent law.⁴⁵ He offers various theories of reasoning for this, including: (a) the moral rights argument – the idea that inherent in someone’s creation is a link to that person’s “id,” which should not be violated; (b) the “different works” argument – that perhaps there is more need for improvement in patent law than in copyright law, and therefore less of an effort to curb it in the former; (c) the “balance of power” argument – that copyright protection is easy to obtain and lasts a long time

⁴⁵ Lemley, at 1028.

but it only protects *actual copying*; and (d) the “relative market power” argument – which proffers that copyrighting confers less market power than does patenting.⁴⁶

In order for copyright law rules regarding improvement to dovetail with those of patent law, the doctrine of fair use would need to be modified. The fair use doctrine has the potential to protect radical improvers by exempting them from infringement liability. However, the potential is not great because courts tend to focus primarily on market harm to the copyright owner instead of the degree of ingenuity of the improver.⁴⁷ Inherent in Lemley’s writing is the precept that intellectual property rights have a direct effect on the marketplace. If United States copyright law is already hostile to improvement, the Lexmark court’s reading of the DMCA is even more blatantly dangerous to the health of consumer welfare and to the encouragement of innovation.

III. Digital Rights Management: Other Technological Measures Invented to Curb Copyright Infringement

Quelling piracy is a laudable goal, but chilling the dissemination of knowledge to those who could otherwise lawfully reap benefits from exposure to it is not. Eroding fair use in favor of strong DRM systems could be detrimental.⁴⁸ For example, there could be:

a reduction in freedom of expression, to the extent that DRM interferes with review, commentary, scholarship, and parody; a reduction in innovation, to the extent that DRM eliminates the reservoir of incentives that spur companies to develop technologies that interact with copyrighted works...an erosion of privacy, to the extent that DRM compromises user anonymity, [and] the freezing of fair use, to the extent

⁴⁶ *Id.*, at 1030.

⁴⁷ *Id.*, at 1077.

⁴⁸ *Id.*

that DRM systems will prevent courts from evolving fair use in response to new technologies.⁴⁹

In broad terms, DRM acts as a set of technologies that content owners can use to protect their intellectual property rights. In most instances, DRM is a system that both encrypts digital media content and limits access to only those people who have acquired a proper license to use that content.⁵⁰ Put more concisely, “DRM is a technology that enables the secure distribution, promotion, and sale of digital media content on the Internet.”⁵¹

A. The Digital Watermarking Example

“Watermarking is part of a well-balanced diet of digital rights architectures,” said Dr. Joseph Winograd of Verance, a technology company.⁵² Copyright law has had to develop and change in reaction to new technologies from its inception. The invention of photography was, and still is, grappled with on several levels, and the fact that software is copyrightable, of course, demonstrates that there are new ways of expressing ideas that the drafters of the first copyright laws could not have imagined. While scientific improvements and technological innovations facilitate piracy, they also furnish new ways to prevent it.

One type of preventative technology for copyrightable material is digital watermarking. Unlike traditional watermarks, which are intended to be somewhat

⁴⁹ *Id.*

⁵⁰ Microsoft Windows, available at <http://www.microsoft.com/windows/windowsmedia/WM7/DRM/what.aspx> (last visited Feb. 15, 2004).

⁵¹ *Id.*

⁵² *Quoting Brad King, Fight Rages Over Digital Rights*, Wired News, Jan. 16, 2001.

visible,⁵³ digital watermarking is a “method of discreetly weaving information into all forms of media content by making subtle adjustments to the content itself.”⁵⁴ For example, digital watermarking enables many forms of media such as images, packaging, identity cards, video and music to interact with the digital world.⁵⁵ Although imperceptible to the human eye, a digital watermark can be recognized by devices and applications enabled with certain software.

Several companies use watermarking to identify sources of compromise. Before an end-user can download content, for example, the distribution server can insert a watermark into the content, identifying that user’s account.⁵⁶ Some, if not all, watermarks are at least somewhat vulnerable, however. For example, pirates can reverse-engineer public watermarks or break through encrypted ones to remove them, and they can also use successive approximation to make changes to content that are imperceptible to the end-user until the watermark is no longer detectable.⁵⁷

An example of how watermark technology can function is Digimarc’s MarcSpider,TM a combined compliance licensing program, copyright registration and image tracking device. Corbis Corporation, a visual solutions provider that licenses images to advertisers, book producers, newspapers, magazines, and other media

⁵³ A watermark is defined as a “transparent design or symbol seen when paper is held up to the light, usually to indicate the genuineness of the document or the document’s manufacturer.” BLACK’S LAW DICTIONARY, 7th ed. (1999), 1586.

⁵⁴ Digimarc Corporation, Glossary, available at <http://www.digimarc.com/watermarking/glossary.asp> (last visited Aug. 17, 2004).

⁵⁵ *Id.*

⁵⁶ Nicholas Cravotta, *The War on Copying*, EDN, Oct. 16, 2003.

⁵⁷ *Id.*

suppliers, recently implemented the MarcSpider in-house. Corbis has found that embedding Digimarc digital watermarks in millions of its images enables Corbis to detect potential unlicensed uses of its image assets on the Web. Corbis also noted that, to date, the cost of the compliance program has been more than offset by the revenue generated from licenses and settlements.⁵⁸

This type of DRM is not universally praised, however. One open source advocate said that DRM allows copyright owners to control rights that they do not necessarily have.⁵⁹ Thus, some DRM formats seem to inherently distrust the public and disallow reverse-engineering and fair use from ever taking place. A fundamental problem with today's DRM strategies, according to Michael Vergara, director of product marketing for RSA Security's developers solutions division, is that an e-security system will always be based on the relationships and the degree of trust between parties. Whether the environment rises to a comfortable level of trust or not, there must be a reasonable correlation between the level of trust provided to consumers and the amount of money spent on that assurance.⁶⁰ This idea underlines what Vergara thinks of as a flaw in the DRM marketplace. If customers pay money for a product, they believe they have the right to use the product both as it was intended and also however they please. A company can copy-proof a CD, but its DRM strategy fails when consumers purchase

⁵⁸ *Corbis Wins InfoWorld 100 Award*, BUSINESS WIRE, Nov. 24, 2003.

⁵⁹ King, *supra* note 52.

⁶⁰ *Is DRM Just a Dream*, RSA E-Security, Aug. 2002.

that CD but cannot copy it, or it does not play in every device that other CD's can be played in.⁶¹

The issue of digital rights management entails, and yet also transcends, the general field of technology. An effective DRM must be supported by enforceable laws and a sound business model. To reiterate the basic theme of this writing: The DMCA is not a law that should assist in digital rights management goals insofar as they deter reverse-engineering and fair use. In a recent case in Illinois, the court agreed.

IV. The Skylink Case

In November of 2003, an Illinois case involving garage door openers addressed similar issues to the *Lexmark* case but it took a different – and better – stance. Chamberlain Group, a manufacturer of garage door openers, included a security line in their openers that used a rolling code technology, which prevents any capturing and recording of transmitter signals, thereby preventing illegal access to a homeowner's garage.⁶² Skylink, a competitor of Chamberlain, distributed a universal remote control device that operated many different brands of openers, amongst which was Chamberlain's rolling code. Chamberlain argued that it never authorized consumers or Skylink to circumvent the security measure in the rolling code. The court found that this did not establish that Skylink violated the DMCA, and to the extent the competitor was authorized reverse-engineer the manufacturer's openers, it could not have been held liable under the DMCA. It is clear that to the extent Skylink was authorized to decrypt,

⁶¹ *Id.*

⁶² *Chamberlain v. Skylink*, *supra* note 11.

descramble, avoid, bypass, remove, deactivate, or impair Chamberlain's GDOs, it cannot be held liable under the DMCA.⁶³

The *Skylink* court ruled that homeowners have a legitimate expectation that they will be able to access their garage if their transmitters are misplaced or if they malfunction;⁶⁴ thus, the judge rejected Chamberlain's argument that a garage door owner violates the DMCA if he or she loses the original transmitter and continues to operate the garage door with an after-market model. The CEO of Skylink Technologies, pleased with the Court's ruling, suggested that the court's ruling would encourage free market competition that benefits the consumer, and that Chamberlain's attempt to use the DMCA against his company was an effort by a large corporation to limit a smaller company's ability to compete in the marketplace and to decrease consumers' options. Moreover, Skylink's CEO was grateful for the opportunity to take a stand on such an important legal issue.⁶⁵

V. Possible Remedy Proposed by Representative Rick Boucher

Congressman Rick Boucher (D-VA) has been a dynamic advocate for repairing some of the misunderstandings engendered by the ambivalent language in the DMCA. In a statement to the Energy and Commerce Subcommittee in 2003, Representative Boucher criticized several aspects of the DMCA, most notably the problem that the current law makes it a federal offense to bypass technical protections that guard access

⁶³ *Id.*, at 1044.

⁶⁴ *Id.*, at 1045.

⁶⁵ *US District Court Ruling Absolves Skylink Technologies*, PR Newswire, Nov. 25, 2003.

to a copyrighted work even when the purpose of that bypass is innocent and in line with codified fair use exceptions.⁶⁶

In a statement to the press regarding his proposition to revamp the DMCA, Representative Boucher stated that the fair use doctrine is being threatened in an unprecedented fashion.⁶⁷ He emphasized that the DMCA tilts the carefully-calibrated balance between the rights of copyright owners and the rights of the users of copyrighted material drastically in favor of the copyright owner. To this end, along with other congressmen, Representative Boucher has introduced a bill to ameliorate the DMCA called the Digital Media Consumers' Rights Act [hereinafter "DMCRA"].⁶⁸

The DMCRA softens the DMCA's prohibition on reverse-engineering and permits circumvention of antipiracy technology for fair use.⁶⁹ Furthermore, upon its passage, the DMCRA would ensure that it is not a violation of Section 1201 to manufacture, distribute, or make noninfringing use of a hardware or software product that enables the fair use of a copyrighted work, such as creating backup copies of legally purchased CDs or other digital media.⁷⁰ Representative Boucher believes that a certain amount of piracy happens regardless of what laws are in place, and the DMCA is not going to stop it; the proposal would not make it more or less likely that people

⁶⁶ Statement of Congressman Rick Boucher, H.R. 107, Digital Media Consumers' Rights Act, available at <http://www.house.gov/boucher/docs/DMCRAhearing.htm> (last visited Aug. 17, 2004).

⁶⁷ Lawmakers Urge Protection of Fair Use, Jan. 7, 2003, available at <http://www.house.gov/boucher/docs/dmca108.htm> (last visited Aug. 17, 2004).

⁶⁸ *Id.*

⁶⁹ Stephen Barlas, *Getting in on the (Copyright) Act*, ELECTRONIC BUSINESS, June 1, 2003.

⁷⁰ *Distance Education and IP Rights*, The Higher Education Information Technology Alliance, available at <http://www.heitalliance.org/issues/distance.asp> (last visited Feb. 21, 2004).

bent on committing piracy are going to commit it. Instead, Representative Boucher's proposal frees innocent consumers to use digital media in whatever legal manner they choose.⁷¹

VI. Conclusion

The DMCA was intended to bring copyright law up to speed with technological advances. It was not meant to add a *sui generis* anticircumvention claim for reverse-engineering, nor was it meant to chill competition by eradicating competitors who depend on reverse-engineering. The *Skylink* case demonstrates a correct interpretation of the DMCA to aftermarket competitors by allowing the fair use doctrine to come into play as it would with any other copyrighted work. The Copyright Act has not been revamped to adjust to technological locks that impede competition, but rather it has been slightly retailored to impede rampant piracy. Upon enacting the DMCA in 1998, Congress did not intend to prohibit users from circumventing technical restrictions to make non-infringing uses of purchased content.⁷²

The provisions of the DMCA that speak to anticircumvention are inflicting an "intolerable amount of collateral damage on other public policy priorities."⁷³ There are currently two bills pending before Congress that propose a reformation of Section 1201 of the Copyright Act. Both bills represent steps in the right direction, potentially reforming a law that has done substantially more harm than good in its first five years of

⁷¹ *Id.*

⁷² *Calling on Congress to Amend the Digital Millennium Copyright Act and Improve Trade with Chile, Singapore and Other Trading Partners*, quoting Rep. Zoe Lofgren, available at <http://www.house.gov/boucher/docs/lofgren.htm> (last visited Feb. 28, 2004).

⁷³ Fred von Lohmann, *A Failing Grade*, CORPORATE COUNSEL, March 2004.

existence.⁷⁴ While it may be an over-generalization to condemn the DMCA in its current state, it is inexcusable to allow courts to continue interpreting the DMCA in a fashion that preempts copyright law as it stood before the DMCA's implementation.

Several electronics trade associations and other interested parties are backing Representative Boucher's bill, the DMCRA. Specifically, the language of the DMCRA under Section 5(b), entitled "Fair Use Restoration" reads: "It shall not be a violation of this title to manufacture, distribute, or make noninfringing use of a hardware or software product capable of enabling significant noninfringing use of a copyrighted work."⁷⁵ Fair use, after all, is still a valid defense. The only criminal conduct is circumvention for the purpose of infringing a copyright.⁷⁶ The DMCA was not written to stifle competition in the replacement parts market, and its attempted use for this purpose is an incorrect and alarming application of the Act.⁷⁷ The *Lexmark* decision demonstrates that the scope and intent of the DMCA has been misinterpreted and, unless Static's appeal to the Sixth Circuit reverses the decision below,⁷⁸ a clarification of the statute, such as Representative Boucher's bill, may be necessary. The *Lexmark* case will be addressed once again by the U.S. Court of Appeals for the Sixth Circuit in

⁷⁴ *Id.*

⁷⁵ See Digital Media Consumers' Rights Act, available at <http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.107:1H> (last visited July 31, 2004).

⁷⁶ Rep. Rick Boucher, *Fair Use and Digital Media*, March 6, 2001, available at <http://www.techlawjournal.com/intelpro/20010306boucher.asp> (last visited July 31, 2004).

⁷⁷ June M. Besek, *Where Do We Go From Here?*, Corporate Counsel, Vol. 4, No. 3, 119. March 2004.

⁷⁸ See H. Jonathan Redway, Burns, Doane, Swecker & Mathis L.L.P., *Restricting the Sale of Unauthorized Component Parts Through the Digital Millennium Copyright Act*, citing the *Lexmark* case. Appeal pending, No. 03-5400 (6th Cir.)

the next few months; its decision will be of great interest to many parties and has the potential to rectify some indeterminate case law.

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