

DMCA—NEXT UP: SUPREME COURT REVIEW?

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Two Federal Courts of Appeals, the 9th Circuit and the Federal Circuit, have reached opposite views regarding the scope of rights and/or remedies afforded by the Digital Millennium Copyright Act (DMCA or Act). With disagreement among two appellate courts, the time is ripe for Supreme Court review and a final decision as to which court, if either, got it right.

The DMCA has three provisions designed to protect copyright in the digital era. In short, these provisions make it unlawful to circumvent a technological measure that effectively controls

access to a work protected by copyright, or to traffic in devices designed to accomplish that end. See 17 U.S.C. 1201 *et seq.*

The first provision, 17 U.S.C. § 1201(a)(1)(A), is a general prohibition against “circumventing a technological measure that effectively controls access to a work protected under [the Copyright Act].”

The second prohibits trafficking in technology that circumvents a technological measure that “effectively controls access” to a copyrighted work. 17 U.S.C. § 1201(a)(2).

The third prohibits trafficking in technology that circumvents a technological measure that “effectively protects” a copyright owner’s right. 17 U.S.C. § 1201(b)(1).

The specific question these two appellate courts disagree on is this—does the DMCA create a new substantive right to control access to copyrighted material or does it simply add to the remedies available for copyright infringement?

The Federal Circuit was the first to consider the question of “rights” afforded by the DMCA and concluded that the Act created no new rights, only new remedies. *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1202 (Fed. Cir. 2004). The Federal Circuit held that if there was no “copyright infringement” there could be no violation of the Act.

In December 2010, the 9th Circuit Court of Appeals concluded that the Federal Circuit was wrong. The 9th Circuit decided that the DMCA *does create the right to control access to copyrighted works*—regardless of whether there is actual copyright infringement as defined by the Copyright Act, or not. *MDY Industries, LLC v. Blizzard Entertainment, Inc.*, (9th Cir., Appeal No. 09-15932)

CHAMBERLAIN GROUP, INC. V. SKYLINK TECHS., INC., 381 F.3D 1178 (FED. CIR. 2004)

The Federal Circuit’s *Chamberlain* case involved two makers of garage door openers and the remote controls used for the openers. The Chamberlain system used an opener and remote control that each used an algorithm to frequently change the codes used to operate the door opener. Skylink, a competitor of



Tension Between Circuits

Chamberlain created a universal remote that would replicate the Chamberlain algorithm, allowing its remotes to operate as substitutes for the Chamberlain remotes.

Chamberlain sued Skylink for copyright infringement and alleged that the sale of the universal remote was a DMCA violation since the Chamberlain system had embedded software protected by copyright

and the algorithm for changing codes was a technological measure that controlled access to the embedded software.

The Federal Circuit found no DMCA violation. The court found that there was no copying of Chamberlain's software by Skylink—and thus, no copyright infringement. Skylink's system merely permitted the operation of the Chamberlain garage door [MORE>](#)

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opener. The Federal Circuit held that there was no connection between Skylink's activity and any copyright infringement, and *without infringement*, there could be *no violation* of the DMCA.

Under *Chamberlain*, the Federal Circuit requires a DMCA plaintiff to demonstrate that the circumventing technology employed by the defendant infringes or facilitates infringement of the plaintiff's copyright—as “nexus requirement.” The court held that Section 1201(a) did not grant copyright owners any new rights, but instead, established only new causes of action for a defendant's unauthorized access of copyrighted material *when there is infringement* under Section 106.

In *Chamberlain*, the Federal Circuit noted several concerns regarding policy considerations. These included a fear that Section 1201(a) would allow companies to leverage their sales into aftermarket monopolies, in tension with antitrust law and the doctrine of copyright misuse. The court also viewed an infringement nexus requirement as necessary to prevent “absurd and disastrous results,” such as the existence of DMCA liability for disabling a burglary alarm to gain access to a home containing copyrighted materials. Finally, the court was concerned that, without an infringement nexus requirement, Section 1201(a) would allow copyright owners to deny all access to the public by putting an effective access control measure in place that the public is not allowed to circumvent.

MDY INDUSTRIES, LLC V. BLIZZARD ENTERTAINMENT, INC., (9TH CIR., APPEAL NO. 09-15932)

In the *MDY Industries* case, decided on December 14, 2010, the 9th Circuit Court of

Appeals found that it was unable to follow the approach adopted by the Federal Circuit in *Chamberlain*. The 9th Circuit stated that the *Chamberlain* decision was “contrary to the plain language of the statute.”

According to the 9th Circuit, while the Federal Circuit in the *Chamberlain* case relied heavily on policy considerations to support its reading of Section 1201(a), these considerations cannot trump the statute's plain text and structure:

Even were these policy considerations permissible, they would not persuade us to adopt an infringement nexus requirement. Instead, Section 1201(a) creates a distinct right. A fair reading of the statute indicates that Congress created a distinct anti-circumvention right under Section 1201(a) without an infringement nexus requirement.

MDY Industries was a case involving the internet-based, multiplayer online role-playing game, World of Warcraft (WoW), sold by Blizzard. It is estimated that WoW has over 10 million subscriber-players, over 2.5 million of which are located in North America.

The WoW game software has two components; (1) the game server software, which a player accesses on a subscription basis; and (2) the game client software that a player installs on the player's personal computer. WoW does not have single-player or off-line modes of play. Finally, each WoW player must read and accept Blizzard's End User License Agreements and Terms of Use to remain a player.

WoW players roleplay different characters with an objective of advancing the character through the game's numerous skill levels by participating in quests and battles. As a player advances through the skill levels, the character

collects rewards such as game currency, weapons, and armor—all useful for further advancement.

In 2005 a WoW player and software programmer, Michael Donnelly, developed a software robot (bot) called Glider, which automated play of WoW's early skill levels. When the Glider bot

Since the Glider bot was designed to avoid the Warden software, MDY Industries was found to be trafficking in a circumvention device prohibited by the DMCA.

was activated, WoW play was automatic—the game player was the bot, not the subscriber. The Glider bot did not copy or alter any of WoW's game client software. Donnelly sold the Glider robot software to other WoW players through his company, MDY Industries.

A sufficient number of WoW players complained to Blizzard that they were competing against robots instead of “real” players, and soon thereafter, Blizzard banned the use of bots in an updated license agreement. Blizzard further created and installed the Warden software, which inspects WoW player habits to detect and banish those who use bots for WoW play. MDY Industries responded to the changes made to WoW by Blizzard by creating and selling a premium version of the Glider bot—which the Warden software could not detect.

When Blizzard threatened to sue MDY Industries for copyright infringement, MDY filed a declaratory judgment action contending that Glider did not violate any of MDY's rights. MDY responded alleging copyright infringement and violations of the DMCA.

The Arizona District Court granted Blizzard partial summary judgment holding that Donnelly was personally liable for MDY's tortious interference with contract and secondary copyright infringement. After a bench trial, MDY was also found to have violated the DMCA.

On appeal, the 9th Circuit issued its decision. The court held that MDY was not liable for secondary copyright infringement, but was liable for violating Section 1201(a)(2) of the DMCA—even though there was no infringement.

The Warden software was found to be a technological measure designed to control access to the game experience. Since the Glider bot was designed to avoid the Warden software, MDY Industries was found to be trafficking in a circumvention device prohibited by the DMCA.

The appeals court further held that summary judgment was inappropriate as to Blizzard's claim of tortious interference with contract under Arizona law and remanded the case to reconsider the issue of Donnelly's personal liability. ■