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*REIMERDES, CHAMBERLAIN, AND REALDVD:*  
THE DMCA AND A DOCTRINE OF  
NONSUBSTANTIAL INFRINGING USES

*Michael J. Derderian\**

INTRODUCTION

On August 11, 2009, federal Judge Marilyn Hall Patel of the Northern District of California issued a memorandum and order preliminarily enjoining RealNetworks, Inc. (“Real”) from manufacturing, trafficking, and distributing RealDVD,<sup>1</sup> a product that allows users to “rip” digital versatile discs (DVDs) to the hard drives of computers.<sup>2</sup> Although RealDVD provides users with a variety of functions—for instance, supplying information about a DVD’s content, making available links to relevant websites, and providing protection from scratching—its principal and controversial function is to save the content of a DVD to the hard drive of a computer. This, according to Real, allows consumers to backup their personal property.<sup>3</sup> The product provides

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1 Internally, the product was referred to as Vegas. “The name Vegas was chosen for the software product because, according to Real’s Senior Vice President Phillip Barrett, ‘What happens in Vegas stays in Vegas.’” *RealNetworks, Inc. v. DVD Copy Control Ass’n*, 641 F. Supp. 2d 913, 924 (N.D. Cal. 2009) (quoting Barrett Deposition at 64:25, *RealNetworks*, 641 F. Supp. 2d 913 (Nos. C-08-04548 MHP, 08-04719 MHP)). Real also developed a new product known as “New Platform” or “Facet.” *Id.* at 925. Facet was designed to be an improved “next generation” DVD player that would allow consumers to archive, organize, and play movies “without the need to keep track of physical DVDs.” *Id.* Facet and Vegas were designed to run on different operating systems; however, the software functions essentially the same way on both systems and Facet and Vegas are both referred to as RealDVD. *Id.* at 926.

2 *See id.* at 924–25. To “rip” a DVD is to decrypt the numerous security systems that protect certain uses of its content, such as preventing users from playing back the content on noncompliant computers or copying content to computer hard drives. *See Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 308, 311 (S.D.N.Y. 2000).

3 *RealNetworks*, 641 F. Supp. 2d at 925. In addition, RealDVD allows users to copy DVDs to laptop computers or portable hard drives. *Id.*

a limit of five software licenses, so users can play back copies of their DVDs on up to five computers on which RealDVD has been downloaded and registered to the individual's user account and license key.<sup>4</sup> Although Real markets its product solely for use with DVDs that a consumer owns, warning its potential users that the product is legal only if you are the owner of the to-be copied DVD, the product itself does not limit the number of times a physical DVD can be copied and allows a user to copy DVDs not owned by its user.<sup>5</sup>

RealDVD works by decrypting the technological security measures that are placed on a DVD by those who own the copyright to its content.<sup>6</sup> The principal security measure, Content Scramble System (CSS) technology, "is an encryption-based system that requires the use of appropriately configured hardware such as a DVD player or a computer DVD drive to decrypt, unscramble and play back, *but not copy*, motion pictures on DVDs."<sup>7</sup> This encryption-based system employs an algorithm configured by a set of security keys that transforms a DVD's content into "gibberish."<sup>8</sup> Only those devices that contain "player keys" and the CSS encryption algorithm can access the DVD's contents.<sup>9</sup> Hollywood smartly released its copyrighted content in digital form only after it had developed these security measures, which allowed it to successfully combat piracy.<sup>10</sup> Hollywood now controls the use of a DVD's content, and so it licenses decryption information for an annual fee to those DVD player manufacturers that have an interest in having their DVD players work.<sup>11</sup>

But Hollywood does not give away the keys to its castle: "The CSS technology creates a system whereby a movie . . . may only be played back in decrypted and unscrambled form from the physical DVD and not any other source, such as a computer hard drive. This same system ensures that 'playable,' i.e., decrypted and descrambled, copies

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4 *Id.*

5 *Id.* at 926.

6 *See id.* at 933. The copyright owners of the DVD's content are, in most instances and in this lawsuit, the motion picture studios (the "Studios"), referred to generally as "Hollywood."

7 *Reimerdes*, 111 F. Supp. 2d at 308 (emphasis added).

8 *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 436 (2d Cir. 2001).

9 *Id.* at 437.

10 *Id.*

11 *See Reimerdes*, 111 F. Supp. 2d at 308 ("The technology necessary to configure DVD players and drives to play CSS-protected DVDs has been licensed to hundreds of manufacturers in the United States and around the world."); *Content Scramble System (CSS)*, DVD COPY CONTROL ASS'N, <http://www.dvdcca.org/css.aspx> (last visited Feb. 5, 2011) (detailing the schedule of licensing fees, the fee for the Functional Membership license category being \$15,500 per year).

... cannot be made.”<sup>12</sup> Furthermore, the terms of the license include a confidentiality agreement that keeps “player keys” and other data secret.<sup>13</sup> With this technology in hand, the Studios began releasing movies on DVD in 1997.<sup>14</sup> The format quickly became popular, creating a significant source of revenue.<sup>15</sup>

In deciding whether to enjoin Real from taking its product to the market, Judge Patel faced two overarching issues: (1) whether Real’s conduct violated the Digital Millennium Copyright Act (DMCA)<sup>16</sup> and (2) whether Real had breached its license agreement with the DVD Copy Control Association.<sup>17</sup> The latter issue concerned the CSS License Agreement signed by the parties, an agreement which made Real a licensee of CSS technology, giving to Real the information it needed to develop RealDVD. The former issue concerned a law—the DMCA—whose interpretation is currently in controversy and is the subject of this Note.<sup>18</sup> From Judge Patel’s order and memorandum enjoining Real, an issue emerges, which can only be understood after an explication of the DMCA. Thus, Part I lays out the relevant provisions of the DMCA, followed by Part II, which presents the issue of this Note—an issue faced, considered, and ruled on by Judge Patel. Part III then describes two conflicting interpretations of the DMCA, followed by Part IV, which describes the regime in place before the DMCA was enacted. All of this background sheds light on Part V—a brief comment on Judge Patel’s ruling and opinion.<sup>19</sup>

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12 *RealNetworks, Inc. v. DVD Copy Control Ass’n*, 641 F. Supp. 2d 913, 920 (N.D. Cal. 2009) (citation omitted).

13 *Corley*, 273 F.3d at 437.

14 *Id.*

15 *Id.*

16 Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of 5, 17, 28, and 35 U.S.C.).

17 *RealNetworks*, 641 F. Supp. 2d at 917.

18 Counsel for both parties presented many arguments based on the DMCA to Judge Patel. For purposes of brevity, only those particular arguments and issues that are relevant to this analysis will be discussed.

19 On March 3, 2010, Real announced that it had settled these lawsuits with Hollywood. Real withdrew its appeal of the district court’s preliminary injunction and permanently removed its product from the market. In addition, Real agreed to pay the studios \$4.5 million for the costs and fees incurred in the litigation. Bob Kimball, president and acting CEO for Real, put the matter behind his company: “Until this dispute, Real had always enjoyed a productive working relationship with Hollywood. With this litigation resolved, I hope that in the future we can find mutually beneficial ways to use Real technology to bring Hollywood’s great work to consumers.” *RealNetworks Settles RealDVD Dispute with Hollywood*, REAL (Mar. 3, 2010), <http://www.realnetworks.com/pressroom/releases/2010/corp-realdvd.aspx>.

## I. THE DMCA

Signed into law by President Clinton in 1998, the DMCA implemented two 1996 World Intellectual Property Organization (WIPO) treaties while addressing other significant copyright-related issues in an attempt to bring U.S. copyright law “squarely into the digital age.”<sup>20</sup> The legislation is divided into five titles, covering a range of topics from limiting the liability of online service providers for online copyright infringement to creating a new form of intellectual property protection for the design of vessel hulls.<sup>21</sup> In the debate leading up to the passage of the bill, most relevant were the three provisions targeted at the *circumvention* of technological protection measures.<sup>22</sup> “[A] critical focus of Congressional consideration of the legislation was the conflict between those who opposed anti-circumvention measures as inappropriate extensions of copyright and impediments to fair use and those who supported them as essential to proper protection of copyrighted materials in the digital age.”<sup>23</sup> As with almost any bill, compromise and balance paved the way for its passing the bicameral and presentment requirements of the Constitution and becoming law.<sup>24</sup> The compromise—between those who opposed anticircumvention measures as extending copyright and impeding fair use and those who supported the measures as proper protection—found its expression in the three “anticircumvention” provisions of § 1201(a)(1), § 1201(a)(2), and § 1201(b) of Title 17 of the U.S. Code.<sup>25</sup>

Section 1201(a)(1)(A) provides in part that “[n]o person shall circumvent a technological measure that effectively controls *access* to a work protected under this title.”<sup>26</sup> Section 1201(a)(2), more complex, provides that

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20 See S. REP. NO. 105-190, at 2 (1998); U.S. COPYRIGHT OFFICE, THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998, at 1 (1998) [hereinafter COPYRIGHT OFFICE SUMMARY].

21 See COPYRIGHT OFFICE SUMMARY, *supra* note 20, at 1.

22 See *Corley*, 273 F.3d at 440; *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 316 (S.D.N.Y. 2000).

23 *Reimerdes*, 111 F. Supp. 2d at 316.

24 See *United States v. Elcom Ltd.*, 203 F. Supp. 2d 1111, 1119 (N.D. Cal. 2002) (explaining how Congress sought to prohibit circumvention of protective technologies while at the same time preserving the public’s rights of fair use); *Reimerdes*, 111 F. Supp. 2d at 322 (“Congress was well aware during the consideration of the DMCA of the traditional role of the fair use defense . . . . [a]nd it struck a balance among the competing interests.”).

25 *Elcom*, 203 F. Supp. 2d at 1119.

26 17 U.S.C. § 1201(a)(1)(A) (2006) (emphasis added).

[n]o person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—

(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls *access* to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls *access* to a work protected under this title; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological measure that effectively controls *access* to a work protected under this title.<sup>27</sup>

And lastly, § 1201(b)(1), mirroring § 1201(a)(2), provides that:

[n]o person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that—

(A) is primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects *a right of a copyright owner* under this title in a work or a portion thereof;

(B) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological measure that effectively protects *a right of a copyright owner* under this title in a work or a portion thereof; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing protection afforded by a technological measure that effectively protects *a right of a copyright owner* under this title in a work or a portion thereof.<sup>28</sup>

Thus, § 1201 concerns two different categories of “anti-circumvention” prohibitions: those dealing with unauthorized *access* and those dealing with unauthorized *copying*.<sup>29</sup> The “true” anticircumvention provision of § 1201(a)(1) prohibits the *act* of circumventing a

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<sup>27</sup> *Id.* § 1201(a)(2) (emphasis added).

<sup>28</sup> *Id.* § 1201(b)(1) (emphasis added).

<sup>29</sup> See COPYRIGHT OFFICE SUMMARY, *supra* note 20, at 3–4. The term “copying” is used by the Copyright Office “as a short-hand for the exercise of any of the exclusive rights of an author under section 106 of the Copyright Act.” *Id.* at 4 n.2. For instance, a technological measure that “prevents unauthorized distribution or public performance of a work would fall in this . . . category.” *Id.*

technological measure protecting access,<sup>30</sup> whereas the anticircumvention provisions of § 1201(a)(2) and § 1201(b) prohibit *trafficking* in devices that are used to circumvent a technological measure that *either* protects access *or* protects a right of a copyright owner.<sup>31</sup> Because of this distinction—between 1201(a)(1)’s prohibition of an *act* of circumvention and § 1201(a)(2)’s and § 1201(b)’s prohibition of *trafficking* in devices—the latter sections will be referred to as the “antitrafficking” provisions of the DMCA, although all three provisions are commonly referred to as simply “anticircumvention” provisions.

Noticeably missing from these provisions is a fourth prohibition against the *act* of circumventing a technological measure that protects a *right of a copyright owner*. Congress intentionally excluded this prohibition in order to “assure that the public will have the continued ability to make fair use of copyrighted works.”<sup>32</sup> The DMCA does not prohibit the act of circumventing a technological measure designed to prevent *copying* because the public may have the right to “copy” a copyrighted work under the fair use doctrine.<sup>33</sup> Inapposite, the act of gaining unauthorized *access* to a copyrighted work is never protected by fair use<sup>34</sup> and, according to Congress, is “the electronic equivalent of breaking into a locked room in order to obtain a copy of a book.”<sup>35</sup> But Congress did not rely on this distinction and its legislative history to preserve fair use rights. Instead, Congress embodied its intent in the statute itself, more specifically in § 1201(c)(1), which provides that: “Nothing in this section shall affect rights, remedies, limitations, or defenses to copyright infringement, including fair use, under this title.”<sup>36</sup> The varying interpretations of how § 1201(c)(1) (and the fair use doctrine) affect the meaning of the anticircumvention and anti-trafficking provisions is the issue of this Note, presented in more

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30 *See id.* at 4 (“As to the act of circumvention in itself, the provision prohibits circumventing the first category of technological measures, but not the second.”).

31 *See Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 441 (2d Cir. 2001) (“Subsection 1201(b)(1) is similar to subsection 1201(a)(2), except that subsection 1201(a)(2) covers those who traffic in technology that can circumvent ‘a technological measure that effectively controls access to a work protected under’ Title 17, whereas subsection 1201(b)(1) covers those who traffic in technology that can circumvent ‘protection afforded by a technological measure that effectively protects a right of a copyright owner under’ Title 17.” (quoting 17 U.S.C. § 1201(a)(2), (b)(1) (2000))).

32 COPYRIGHT OFFICE SUMMARY, *supra* note 20, at 4.

33 *Id.*

34 *Id.*

35 H.R. REP. NO. 105-551, pt. 1, at 17 (1998).

36 17 U.S.C. § 1201(c)(1) (2006).

detail below. But before moving on, a few more provisions of the DMCA must be supplied.

First, “to ‘circumvent a technological measure’” in regards to the *access* provisions of the DMCA “means to descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, *without the authority* of the copyright owner.”<sup>37</sup> A “technological measure ‘effectively controls access to a work’ if [it], in the ordinary course of its operation, requires the application of information, or a process or a treatment, with the authority of the copyright owner, to gain access to the work.”<sup>38</sup>

Second, in regards to the *copying* provision, circumvention is defined as “avoiding, bypassing, removing, deactivating, or otherwise impairing a technological measure.”<sup>39</sup> An effective technological measure, in turn, is defined as a measure that “in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of *a right* of a copyright owner under this title.”<sup>40</sup>

Lastly, the DMCA contains a number of exceptions. For our purposes, it is relevant to note that § 1201(a)(1)(B)–(E) give the Librarian of Congress the power to make administrative rules exempting “users of a work which is in a particular class of works if they are or are likely to be adversely affected by virtue of the prohibition in making non-infringing uses.”<sup>41</sup> Six more narrowly tailored restrictions are then provided, which include, for example, an exemption for individuals who circumvent a technological measure for the sole purpose of achieving interoperability of computer programs through reverse engineering.<sup>42</sup>

## II. REALNETWORKS: THE FUTURE OF COPYRIGHT AND FAIR USE

Although the parties to *RealNetworks, Inc. v. DVD Copy Control Ass’n*<sup>43</sup> raised many issues in advocating for or against RealDVD’s future in the marketplace, one issue in particular was relevant to the future of fair use and the balance of rights set forth in copyright law. Before this issue is presented, a brief summary of the Intellectual

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37 *Id.* § 1201(a)(3)(A) (emphasis added).

38 *Id.* § 1201(a)(3)(B).

39 *Id.* § 1201(b)(2)(A).

40 *Id.* § 1201(b)(2)(B) (emphasis added).

41 COPYRIGHT OFFICE SUMMARY, *supra* note 20, at 5.

42 *See id.* at 5–6 (providing a summary of the full list of exceptions); *see also* Universal City Studios, Inc. v. Corley, 273 F.3d 429, 441 (2d Cir. 2001) (describing the exceptions).

43 641 F. Supp. 2d 913 (N.D. Cal. 2009).

Property Clause of the Constitution and the doctrine of fair use is in order.

A. *The Balance at Stake*

The balance of rights set forth in copyright law is mandated by the Constitution itself, which both confers and restricts Congress's power to protect intellectual products<sup>44</sup> by granting Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."<sup>45</sup> The rights that Congress may confer to authors and inventors "are neither unlimited nor primarily designed to provide a special private benefit."<sup>46</sup> In fact, the primary and constitutional purpose of the Intellectual Property Clause is to promote public benefit, i.e., promoting "the Progress of Science and useful Arts."<sup>47</sup> Congress does this through a regime of quid pro quo. The public benefits from giving creators limited rights in their creations in two ways: First, the grant stimulates creative activity by offering the creator an incentive to create. Second, the grant induces the creator to release the intellectual creation to the public.<sup>48</sup>

Thus, the Constitution charges Congress with creating and enforcing a system that best serves the public—a system which must balance the scope of rights granted to intellectual property owners with the benefit derived by the public from the stimulation and dissemination of creativity.<sup>49</sup> If the balance is tipped to either side, the constitutional purpose of the Intellectual Property Clause—that of deriving benefit to the public—will not be fulfilled. Giving authors too great a monopoly defeats the public good in the spreading of

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44 See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984); Brief for Intellectual Property Law Professors as Amici Curiae Supporting Appellants at 7–8, *Corley*, 273 F.3d 429 (No. 00-9185).

45 U.S. CONST. art. I, § 8, cl. 8.

46 *Sony*, 464 U.S. at 429.

47 See *id.* ("The sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors." (quoting *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948))); David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PA. L. REV. 673, 680 (2000) ("All [of Congress] equally admitted that copyright's constitutional purpose is to promote the progress of 'science,' i.e., of disseminating knowledge.").

48 *Sony*, 464 U.S. at 429.

49 See *id.* ("As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or to inventors in order to give the public appropriate access to their work product.").

ideas, knowledge and commerce, whereas giving them too little does not incentivize the creation of works, thereby defeating that same public good.

### B. Fair Use

The doctrine of fair use was solely a judicial doctrine until the passage of the 1976 Copyright Act.<sup>50</sup> The Copyright Act then codified the doctrine in Title 17, § 107, of the U.S. Code:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>51</sup>

Fair use allows courts to ensure that the balance of the Intellectual Property Clause is maintained on a case by case basis. If a particular application of copyright law tips the balance toward a copyright owner's monopoly (and, therefore, stifles dissemination and creativity), the doctrine of fair use may be applied to alleviate the unevenness. "From the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright's very purpose, '[t]o promote the Progress of Science and useful Arts . . . .'"<sup>52</sup> Furthermore, fair use has also been applied to reconcile copyright with the First Amendment.<sup>53</sup> Although a debate exists as to whether fair use is a defense or a right, the doctrine, nevertheless, limits the rights granted to a copyright owner by allowing for

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50 See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 576 (1994).

51 17 U.S.C. § 107 (2006).

52 *Campbell*, 510 U.S. at 575 (alterations in original) (quoting U.S. CONST. art. I, § 8, cl. 8).

53 See Rebecca Tushnet, *Copy This Essay: How Fair Use Doctrine Harms Free Speech and How Copying Serves It*, 114 YALE L.J. 535, 560 (2004) (noting how those claiming fair use "now are well advised to look like traditional First Amendment defendants").

certain types of copying, free of liability for copyright infringement.<sup>54</sup> In this respect, fair use can be conceptualized as those rights retained by the public and not included in the grant of rights given to a copyright owner.<sup>55</sup> The determination of whether a particular use was “fair” is left to the judiciary, which adjudicates disputes through analysis of the factors set forth by Congress in § 107 and the policies underlying copyright law set forth by the Framers in Article I, Section 8, Clause 8 of the Constitution.<sup>56</sup>

### C. *The RealNetworks Issue*

Real put forth numerous arguments in defense of its actions—its actions being, in general, the creation and distribution of a product that bypasses Hollywood’s technological security measures that had prevented certain uses of DVDs. Among Real’s proffered arguments was an invocation of the doctrine of fair use. Real alleged that Hollywood was attempting to extend the rights granted to it by copyright.<sup>57</sup> Invoking § 1201(c) of the DMCA (“[n]othing in this section shall affect . . . fair use”), Real argued that Hollywood’s rights under the anticircumvention and antitrafficking provisions were “limited in that they *exclude* the rights preserved to others under the doctrine of fair use.”<sup>58</sup> Accordingly, because consumers have a right to make personal or backup copies of DVDs using RealDVD,<sup>59</sup> fair use serves as an affirmative defense to § 1201(a)–(b) of the DMCA.<sup>60</sup>

In response, Judge Patel began by noting that the DMCA supersedes past case law that construed the Copyright Act.<sup>61</sup> This case law includes *Sony Corp. of America v. Universal City Studios, Inc.*,<sup>62</sup> a case which confronted the question of whether a manufacturer is indirectly liable for selling products that could be used for both infringing

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54 *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 321 (S.D.N.Y. 2000).

55 See *Fair Use Frequently Asked Questions (and Answers)*, ELECTRONIC FRONTIER FOUND., [http://w2.eff.org/IP/eff\\_fair\\_use\\_faq.php](http://w2.eff.org/IP/eff_fair_use_faq.php) (last updated Mar. 21, 2002) (“[F]air use can be seen as a scope of positive freedom available to users of copyrighted material.”).

56 See *id.*

57 *RealNetworks, Inc. v. DVD Copy Control Ass’n*, 641 F. Supp. 2d 913, 941 (N.D. Cal. 2009).

58 *Id.* (emphasis added).

59 Real relied on *Sony* for this proposition. For more on the *Sony* case, see *infra* Part IV.

60 *RealNetworks*, 641 F. Supp. 2d at 941.

61 *Id.*

62 464 U.S. 417 (1984).

and noninfringing purposes.<sup>63</sup> This question is similar to that presented in the RealDVD case—Real argues that its product is legal because it can be used in non-infringing ways under the doctrine of fair use, i.e., creating personal and backup copies of a DVD, organizing and archiving a DVD collection, and easily transporting a DVD library.<sup>64</sup> The issue is different, though, because the RealDVD case concerns the provisions and structure of the DMCA, not the Copyright Act.

The DMCA “expand[ed] the existing rights of copyright owners . . . by creating new grounds for liability due to circumvention of access [and copying protection] controls.”<sup>65</sup> This new liability, as we saw, is expressed in §§ 1201(a)(1), 1201(a)(2), and 1201(b). Recall that § 1201(a)(1) prohibits the *act* of circumventing a technological measure protecting *unauthorized access*, and that there is no corresponding prohibition on the *act* of circumventing a technological measure protecting *a right of the copyright owner*. But the RealDVD case concerns not the individual act of circumvention, but the manufacture and distribution of products that allow a user to circumvent. Thus, *RealNetworks* presents the *Sony* issue all over again, albeit in a different context. Simply put, does a product fall within the DMCA’s antitrafficking provisions if that product allows for both infringing and noninfringing uses? Real, invoking the *Sony* doctrine of substantial noninfringing uses, claims that RealDVD is legal because it allows users to exercise their fair use rights. But Hollywood claims that fair use is never a defense to the liability established under the anticircumvention and antitrafficking provisions of the DMCA.<sup>66</sup> It is the *Sony* issue all over again, but this time, the question must be decided in light of the DMCA.

#### D. *The RealNetworks Opinion*

Judge Patel, in answering this question, wrote an inconsistent and contradictory opinion. She first cites *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*<sup>67</sup> for the proposition that the DMCA created “new grounds for liability due to circumvention of access controls in ways that *facilitate copyright infringement* and for trafficking in circumvention

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63 *See id.* at 420.

64 *RealNetworks*, 641 F. Supp. 2d at 941.

65 *Id.*

66 *Id.*

67 381 F.3d 1178 (Fed. Cir. 2004); *see infra* Part III.B.

devices that facilitate copyright infringement.”<sup>68</sup> She states that copyright owners relying on the anticircumvention provisions still remain bound by other relevant bodies of law, including fair use.<sup>69</sup> However, Patel then characterizes § 1201(c) as merely “preserv[ing] the general fair use defense to copyright infringement.”<sup>70</sup> She states that “[i]t does not create new exemptions, *nor does it exempt from liability circumvention tools otherwise deemed unlawful under sections 1201(a)(2) or (b)(1).*”<sup>71</sup> All this last statement does is reveal the conundrum: whether a circumvention tool is “unlawful” under the DMCA depends upon whether, as Patel states, the circumvention “*facilitate[s] copyright infringement.*”<sup>72</sup> If a user acts within his fair use rights, a copyright is not infringed, and so the product that the user used does not facilitate copyright infringement and, therefore, is not “unlawful.” This leads to the conclusion that if DMCA liability hinges on the facilitation of copyright infringement, then fair use must play a role in determining which circumvention tools are “unlawful under the DMCA.”

The opinion soon deviates from this perspective. Patel makes a distinction between § 1201(a)(1)—which concerns the *act* of circumventing to gain *access*—and the antitrafficking provisions of § 1201(a)(2) and (b). She states that “[f]air use is not a defense to *trafficking* in products used to circumvent effective technological measures that prevent unauthorized access to, or unauthorized copying of, a copyrighted work under sections 1201(a) or (b), respectively.”<sup>73</sup> According to Patel, fair use comes into play when an individual circumvents those technologies covered by 1201(b)—which protects “a right of a copyright owner,” or, in shorthand, “copying”—because “prohibition on individual circumvention conduct only applies with respect to access protection technologies . . . not to technologies that prevent copying.”<sup>74</sup> This is why Congress intentionally banned only the individual *act* of circumvention in the context of § 1201(a)’s access control provisions, and not in the context of the copying control provisions. Basically, Patel is saying that Congress has already worked fair use into the words of the statute, and so fair use cannot otherwise serve as a defense to DMCA liability, which contradicts her earlier perspective explained in the preceding paragraph.

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68 *RealNetworks*, 641 F. Supp. 2d at 941 (citing *Chamberlain Group*, 381 F.3d at 1195).

69 *Id.*

70 *Id.*

71 *Id.* (emphasis added).

72 *Id.* (emphasis added).

73 *Id.* at 942 (emphasis added).

74 *Id.*

Furthermore, Patel notes that the DMCA enumerates specific fair use exceptions, and Real's contention that a consumer has a right to make a personal copy of a DVD is not one of them. "[T]he DMCA's 'user exemption' is only for the individual who has gained authorized access and who may circumvent the protection measures pursuant to lawful conduct . . . ."75 Patel stresses that it is the technology itself at issue, citing *Universal City Studios, Inc. v. Reimerdes*76 for the proposition that "[t]he fact that Congress elected to leave technologically unsophisticated persons who wish to make fair use of encrypted copyrighted works without the technical means of doing so is a matter for Congress."<sup>77</sup>

But then, in the midst of this reasoning, Patel hints, contradictorily, at the notion that fair use does play a role in determining which circumvention tools are unlawful under the DMCA. She states, "[F]ederal law has nonetheless made it illegal to manufacture or traffic in a device or tool that permits a consumer to make . . . copies [of a DVD]. Importantly, such tools are unable to distinguish between personal use copies of personally-owned DVDs and other sorts of copies for other purposes . . . ."78 What if a circumvention tool was able to distinguish? What if a tool could only be used to circumvent for purposes of fair use? What if a tool could *mostly* be used to circumvent for purposes of fair use? What if only ten percent of a tool's overall uses could constitute an infringing use? Five percent? One percent?

It's the *Sony* question all over again—when is a manufacturer liable for distributing products that could be used for both infringing and non-infringing purposes? But this time, the relevant statute is the DMCA, not the Copyright Act. In *RealNetworks*, Judge Patel slightly wavered in answering this question, though she did provide an answer, which, in my opinion, was not entirely correct.

### III. TWO REGIMES

#### A. *Reimerdes/Corley*

The story of *Reimerdes* begins with a fifteen-year-old Norwegian boy named Jon Johansen and the two associates whom he met over the Internet.<sup>79</sup> The trio reverse engineered a DVD player, breaking

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75 *Id.*

76 111 F. Supp. 2d 294, 324 (S.D.N.Y. 2000).

77 *Realnetworks*, 641 F. Supp. 2d at 943 (quoting *Reimerdes*, 111 F. Supp. 2d at 324).

78 *Id.* at 942–43.

79 *Reimerdes*, 111 F. Supp. 2d at 311.

Hollywood's CSS encryption algorithm and security keys.<sup>80</sup> Using this information, they created DeCSS, a program capable of "ripping" DVDs to computer hard drives.<sup>81</sup> "The quality of [the] motion picture[ ] decrypted by DeCSS [was] virtually identical to that of [an] encrypted movie[ ] on [a] DVD."<sup>82</sup> Johansen then posted the program on his personal website.<sup>83</sup> Consequently, months later, Norwegian prosecutors filed charges against the fifteen-year-old; however, Johansen and his associates were only the beginning of Hollywood's problems.<sup>84</sup> DeCSS soon became widely available over the internet as hundreds of web sites, including those of the defendant Eric Corley and two others, posted the program for download.<sup>85</sup> In response to the defendants' refusal to cease and desist, the Studios filed suit in the U.S. District Court for the Southern District of New York, asking the court to enjoin the defendants from posting DeCSS or providing links to other sites that post the program.<sup>86</sup> The court, after trial, granted the Studios' motion for a preliminary injunction.<sup>87</sup> On appeal, the Second Circuit faced many arguments proffered by Corley and his company, 2600 Enterprises, Inc., which invoked issues concerning the First Amendment, the interpretation and constitutionality of the DMCA, and the validity of the preliminary injunction.<sup>88</sup> In affirming the lower court's judgment, the Second Circuit gave credence to District Court Judge Kaplan's reasoning, which presented an answer that represents one side of the debate in regards to the question of whether a manufacturer is liable for trafficking in products that could be used for both infringing and noninfringing purposes *under the DMCA*.

In defense of their position, the defendants ("Corley") argued that fair use limits the Studios' rights as copyright holders of motion pictures, and that the DMCA cannot be construed in a way that would make it "difficult or impossible" for users to engage in such fair use.<sup>89</sup> Thus, the argument goes, the DMCA cannot reach Corley's activities, which provide users the means to access DeCSS so that they can make backup copies of their own DVDs—a fair use right retained by the

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80 *Id.*

81 *Id.*

82 *Id.* at 308.

83 *Id.* at 311.

84 *Id.*

85 *See id.* at 311–12.

86 *Id.* at 303, 312.

87 *Id.* at 343.

88 *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 434 (2d Cir. 2001).

89 *Reimerdes*, 111 F. Supp. 2d at 322.

public.<sup>90</sup> In response, Judge Kaplan admitted that “[a]ccess control measures such as CSS do involve some risk of preventing lawful as well as unlawful uses of copyrighted material,” but stated that “Congress, however, clearly faced up to and dealt with this question in enacting the DMCA.”<sup>91</sup> Kaplan began his analysis by distinguishing liability under copyright infringement from liability under the antitrafficking provisions of the DMCA, stating that although § 107 of the Copyright Act allows for noninfringing fair use of copyrighted materials, the defendants here are being sued for violating § 1201(a)(2) of the DMCA, which does not involve violation of copyright, but violation of trafficking in certain kinds of products.<sup>92</sup> Coldly put, “[i]f Congress had meant the fair use defense to apply to such actions, it would have said so.”<sup>93</sup>

In defending his position, Kaplan first noted that Congress paid close attention to this question in passing the statute and struck a balance among the competing interests.<sup>94</sup> This balance, in his view, was embodied in the following decisions: (1) the limiting of § 1201(a)(1)’s prohibition of the act of circumvention for purposes of unauthorized access, not copying;<sup>95</sup> (2) the delaying of the effective date of § 1201(a)(1)’s prohibition for two years “pending further investigation about how best to reconcile Section 1201(a)(1) with fair use concerns”;<sup>96</sup> and (3) the enumeration of fair use exceptions in the statute itself.<sup>97</sup> In rightly dismissing Corley’s invocation of *Sony*’s doctrine of substantial noninfringing uses (because § 1201 of the DMCA is the statute at issue, not the Copyright Act), Kaplan characterized the DMCA as “*fundamentally alter[ing] the landscape*” of copyright law by prohibiting circumvention technology.<sup>98</sup>

Thus, according to his reasoning, although Corley would *not* be liable for contributory infringement under the *Sony* doctrine (which construes the Copyright Act), he would be liable under § 1201 of the DMCA.<sup>99</sup> In reiterating that fair use is not a defense to liability under the antitrafficking provisions, Kaplan stated that the DMCA,

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90 *Id.*

91 *Id.*

92 *Id.*

93 *Id.*

94 *Id.*

95 This reasoning mirrors that of Judge Patel’s. *See supra* Part II.D.

96 *Reimerdes*, 111 F. Supp. 2d at 323.

97 *Id.*

98 *Id.* (emphasis added).

99 *See id.*

so far as the applicability of the fair use defense to Section 1201(a) claims is concerned, is crystal clear. . . . The fact that Congress elected to leave technologically unsophisticated persons who wish to make fair use of encrypted copyrighted works without the technical means of doing so is a matter for Congress unless Congress' decision contravenes the Constitution . . . .<sup>100</sup>

In affirming the judgment, the Second Circuit added very little to Kaplan's discussion, dismissing Corley's fair use arguments as being "far beyond the scope of this lawsuit for several reasons."<sup>101</sup> These reasons consisted of the following: (1) Corley did not "claim to be making fair use of any copyrighted materials, and nothing in the injunction prohibits them from making such fair use. They are barred from trafficking in a decryption code that enables unauthorized access to copyrighted materials"; (2) the evidence Corley presented concerning the impact that the DMCA has on the public's fair use rights is "scanty and fails adequately to address the issues"; and (3) Corley has not shown that the public, constitutionally, has a fair use right to use copyrighted material in its original or preferred format.<sup>102</sup> By punting on the issue and upholding Judge Kaplan's opinion, the Second Circuit gave credence to Kaplan's line of reasoning.

Consequently, many courts have followed the *Reimerdes* opinion. One example is the U.S. District Court for the Northern District of California in *321 Studios v. Metro Goldwyn Mayer Studios, Inc.*,<sup>103</sup> which held that the DMCA did not "impermissibly" burden fair use rights because fair use is still possible as users can still copy DVDs using non-digital means, though "such copying will not be as easy, as exact, or as digitally manipulable as [the] plaintiff desires."<sup>104</sup> However, *321 Studios* concerned the question of whether the DMCA violates the First Amendment and the Copyright Clause.<sup>105</sup> Nevertheless, in regards to the interpretation of the DMCA itself, the court in *321 Studios*, as well as other courts, agreed with *Corley* in holding that the "legal downstream use of the copyrighted material by customers is not a defense to the software manufacturer's violation of the provisions of § 1201(b)(1)."<sup>106</sup>

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100 *Id.* at 324.

101 *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 458–59 (2d Cir. 2001).

102 *Id.* at 459.

103 307 F. Supp. 2d 1085 (N.D. Cal. 2004).

104 *Id.* at 1101–02.

105 *Id.* at 1101–05.

106 *Id.* at 1097–98; *see also* *United States v. Elcom, Ltd.*, 203 F. Supp. 2d 1111, 1124 (N.D. Cal. 2002) ("The statute does not distinguish between devices based on the uses to which the device will be put. Instead, all tools that enable circumvention of use

### B. Chamberlain Group

In contrast to *Reimerdes's* strict, bright-line interpretation, the Federal Circuit's approach, articulated in *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*,<sup>107</sup> respects the public's right to fairly use copyrighted content when that right is thrown up against the DMCA.<sup>108</sup> The issue before the Federal Circuit concerned Chamberlain's claim that the defendant Skylink had violated the antitrafficking clause by creating and distributing technology that bypassed security measures embedded in Chamberlain's garage door openers (GDOs).<sup>109</sup> Chamberlain, a garage door manufacturer, sold a product known as Security+, which incorporated a copyrighted "rolling code" computer program into its GDO, which constantly changed the transmitter signal that opened its garage doors.<sup>110</sup> Skylink, a company operating in the same line of business, sold products known as universal transmitters, which interoperated with a user's GDO system regardless of make or model.<sup>111</sup> This allowed a homeowner to replace a GDO or own a spare.<sup>112</sup> Skylink's Model 39 transmitter, the product at issue, interoperated with Security+ not by using "rolling code" technology, but by making "use of a 'resynchronization' loophole within the system."<sup>113</sup> Chamberlain filed suit seeking to enjoin Model 39 from the market. The complaint did not allege direct or contributory copyright infringement, but alleged that "because [Chamberlain's] opener and transmitter both incorporate computer programs 'protected by copyright' and because rolling codes are a 'technological measure' that 'controls access' to those programs, Skylink is prima facie liable for violating § 1201(a)(2)."<sup>114</sup>

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restrictions are banned, not merely those use restrictions that prohibit infringement.").

107 381 F.3d 1178 (Fed. Cir. 2004).

108 *See id.* at 1204.

109 *Id.* at 1183.

110 *Id.*

111 *Id.*

112 *Id.*

113 Tate Michael Keenan, *A Key to Unlocking Your iPhone: Eliminating Wireless Service Providers' Use of United States Copyright Law to Limit Consumer Choice and Provider Competition*, 43 GA. L. REV. 229, 247 (2008). The Model 39 transmits three fixed codes in rapid succession. *See Chamberlain Group*, 381 F.3d at 1185. "The combination of these three codes transmitted with every press of the Model 39 transmitter button will either cause the Chamberlain GDO to operate in response to the first fixed code or cause the GDO to resynchronize and operate in response to the second and third fixed codes." *Id.*

114 *Chamberlain Group*, 381 F.3d at 1185.

The Federal Circuit characterized its job as one of statutory construction, a job which initially entailed a determination as to what the antitrafficking provision of the DMCA prohibits.<sup>115</sup> Before beginning its analysis, the court laid down the law of statutory construction. First, the court must look to the language at issue, and if unambiguous, the court stops there.<sup>116</sup> However, if the court cannot adequately determine Congress's intent, the court will employ other, less satisfactory means, including analysis of the statute's structure and legislative history.<sup>117</sup> "Policy considerations cannot override our interpretation of the text and structure of [a statute], except to the extent that they may help to show that adherence to the text and structure would lead to a result so bizarre that Congress could not have intended it."<sup>118</sup>

At the start of its analysis, the Federal Circuit emphasized a "crucial" distinction between causes of action and property rights.<sup>119</sup> The DMCA's anticircumvention provisions did not establish new property rights, but did establish causes of action under which a defendant *may* be liable.<sup>120</sup> This distinction, the court says, "goes straight to the issue of authorization."<sup>121</sup> Under copyright law, a plaintiff need only prove ownership of a valid copyright and copying of original elements of that work—whether the defendant has the right to copy the work serves as an affirmative defense, meaning the burden is placed on the defendant to show "authorization" in the form of a license or a fair use right.<sup>122</sup> But under the DMCA, circumvention of a technological measure is defined as "impair[ing] a technological measure . . . *without the authority* of the copyright owner."<sup>123</sup> Thus, in order to prove circumvention, the plaintiff must prove that the defendant's access was unauthorized.<sup>124</sup> In Chamberlain's case, this is "a significant burden . . . as . . . the copyright laws authorize consumers to use the copy of Chamberlain's software embedded in the GDOs that they purchased."<sup>125</sup>

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115 *Id.* at 1191.

116 *Id.* at 1192 ("[W]e must enforce the congressional intent embodied in that plain wording.").

117 *Id.*

118 *Id.* (alteration in original) (quoting *Cent. Bank v. First Interstate Bank*, 511 U.S. 164, 188 (1994)).

119 *Id.* at 1191.

120 *Id.* at 1192–93.

121 *Id.* at 1193.

122 *Id.*

123 17 U.S.C. § 1201(a)(3)(A) (2006) (emphasis added); *see supra* note 37 and accompanying text.

124 *Chamberlain Group*, 381 F.3d at 1193.

125 *Id.*

However, under the *Reimerdes/ Corley* regime, the legality of using a copy of Chamberlain's software would ostensibly not matter because fair use does not serve as a defense to the antitrafficking provisions of the DMCA. Under Judge Kaplan's analysis, the fundamental landscape of copyright law was altered—technology that circumvents a technological measure is prohibited, even if that prohibition inhibits the public's fair use rights. However, *Chamberlain* states that "the DMCA emphatically *did not* 'fundamentally alter' the legal landscape governing the reasonable expectations of consumers or competitors; *did not* 'fundamentally alter' the ways that courts analyze industry practices; and *did not* render the pre-DMCA history of the GDO industry irrelevant."<sup>126</sup> The Chamberlain Group asserted that even if consumers had a right to use the software embedded in the GDOs before the enactment of the DMCA, that right must now be measured in light of the DMCA, which outlaws "*all . . . uses of products containing copyrighted software to which a technological measure control[s] access*" under § 1201(a)(1) unless explicit authorization is given.<sup>127</sup> In response, the Federal Circuit again stressed that the DMCA did not create new property rights, and so Chamberlain's claim must fail.<sup>128</sup>

After establishing that consumers still have a right to use the software contained in a purchased GDO, the Court moved to the relevant question: whether, despite the effect on consumer rights, the antitrafficking provisions of the DMCA prohibit the manufacture and distribution of a product that bypasses the security system placed within a GDO. In interpreting the DMCA, the court looked to both language and structure, holding that it is "clear that § 1201 applies only to circumventions *reasonably related to protected rights*."<sup>129</sup> Thus, companies that traffic in devices that bypass technological measures placed within copyrighted materials do not violate the antitrafficking provisions unless the devices facilitate copyright infringement.<sup>130</sup> The legislative history supports this conclusion because the principle

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126 *Id.* at 1194.

127 *Id.* at 1193.

128 Chamberlain asserted that "the DMCA overrode all pre-existing consumer expectations about the legitimate uses of products containing copyrighted embedded software" and "that Congress empowered manufacturers to prohibit consumers from using embedded software products in conjunction with competing products when it passed § 1201(a)(1)." *Id.* at 1193.

129 *Id.* at 1195 (emphasis added).

130 *See id.* at 1195–96.

theme contained in the legislative history is the balancing of competing interests between copyright owners and users.<sup>131</sup>

Chamberlain Group's main argument, of course, drew support from the *Reimerdes* opinion. But the court was quick to distinguish its facts from that case.<sup>132</sup> The product in *Reimerdes* enabled users to illegally reproduce copyrighted DVDs, while Skylink's accused product enables "only legitimate uses of copyrighted software."<sup>133</sup> Stating that "[i]t is unlikely . . . that the Second Circuit meant to imply anything as drastic as wresting the concept of 'access' from its context within the Copyright Act," the court noted that divorcing illegal circumvention from copyright infringement would create two distinct copyright regimes.<sup>134</sup> In the first regime, a copyright owner possesses only those rights granted by the Copyright Act.<sup>135</sup> In the second regime, "the owners of a work protected by *both* copyright *and* a technological measure . . . would possess *unlimited* rights to hold circumventors liable under § 1201(a) *merely for accessing that work*, even if that access enabled *only* rights that the Copyright Act grants to the public."<sup>136</sup>

Surely, Congress could not have intended this result. First, courts substantially defer to Congress in deciding how best to serve the goals of the Intellectual Property Clause; however, "Congress' exercise of its . . . authority must be rational."<sup>137</sup> Allowing copyright owners to control all access to works merely by placing within that work a technological measure borders on the irrational.<sup>138</sup> Second, in construing a statute, any potential interpretation of a provision that would result in a contradiction of another provision in the same statute must be wrong. Chamberlain Group's proposed interpretation would flatly contradict § 1201(c)(1) of the DMCA, which clearly states that rights and limitations to copyright infringement, which includes fair use, shall not be affected. Third, the policy implication resulting from such interpretation is "absurd" and "disastrous."<sup>139</sup>

Thus, *Chamberlain* sets out a different interpretation of the anticircumvention provisions of the DMCA, which predicates liability

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131 *Id.* at 1196; see H.R. REP. NO. 105-551, pt. 2, at 26 (1998) (stating that the anticircumvention provisions "fully respect[ ] and extend[ ] into the digital environment the bedrock principle of 'balance' in American intellectual property law for the benefit of both copyright owners and users").

132 *Chamberlain Group*, 381 F.3d at 1197-98.

133 *Id.* at 1198.

134 *Id.* at 1199.

135 *Id.*

136 *Id.* at 1200.

137 *Id.* (quoting *Eldred v. Ashcroft*, 537 U.S. 186, 205 n.10 (2003)).

138 *Id.*

139 *Id.* at 1201.

on “a reasonable relationship between the circumvention at issue and a use relating to a property right for which the Copyright Act permits the copyright owner to withhold authorization.”<sup>140</sup> Although the Federal Circuit purported to side with the *Reimerdes/ Corley* regime, the language of the two cases cannot be reconciled. *Reimerdes/ Corley* stated that fair use is not a defense to the anticircumvention provisions of the DMCA because the question of whether there is a violation does not revolve around copyright infringement, but revolves around whether there was a violation of the antitrafficking provisions. *Chamberlain*, on the other hand, demands a showing of infringement with circumvention before one is held liable.

It is possible to read *Reimerdes/ Corley* as holding that fair use is not a defense to the DMCA when a product enables a user to infringe. Put differently, if a product enables a user to circumvent a technological measure and allows that user to infringe, fair use cannot serve as a defense even if that same product also allows the user to circumvent for noninfringing purposes. This interpretation might accommodate the *Chamberlain* holding—that liability under the DMCA will not derive from a product that *only* enables users to engage in noninfringing uses. But what if a product is used to circumvent for purposes of noninfringing use 99.9% of the time, and 0.1% of the time the product is used to infringe? What if the ratio is 90% to 10%?

If *Chamberlain* and *Reimerdes/ Corley* are interpreted to coexist, then Real would not violate the anticircumvention provisions if its product only enabled users to engage in noninfringing activity; for instance, if it only allowed users to make a backup copy or create a digital library of the *users'* purchased DVDs.<sup>141</sup> Yet, if *Chamberlain* and *Reimerdes/ Corley* do not coexist, then a conflict exists between the circuits, prompting the question: which circuit is correct? Finally, an issue arises when one considers that users can always use technology in a creative and novel way. If a product does enable infringing use in limited circumstances, should those limiting circumstances take the product, which otherwise enables users to engage in noninfringing activity, outside the protection of *Chamberlain*? Before answering these questions, it is necessary to discuss how the Supreme Court answered similar questions that arose under the Copyright Act of 1976.

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140 *Id.* at 1204.

141 This argument assumes that the act of backing up a DVD is an exercise of an individual's fair use right.

## IV. THE SONY DOCTRINE

Evidenced by the twenty-five amici filed alongside the parties' briefs to the Supreme Court, *Sony* was a case that had the potential to greatly and immediately impact commerce—an impact on, specifically, the law enforcement policy of consumers' use of home recording technology.<sup>142</sup> The *Sony* case arose in an era quite different from the digital era of *RealNetworks*; however, both cases concern the advent of new technology and its effect on copyright.<sup>143</sup> The new technology in the 1970s was Sony's Betamax video tape recorder (VTR). The VTR allowed consumers to record television programming onto magnetic tapes and to simultaneously view one show while taping another.<sup>144</sup> Misjudging what Universal's response would be to the VTR, Sony's advertising firm asked for Universal's permission to reference some of Universal's copyrighted content in its advertisements for the Betamax device.<sup>145</sup> Universal responded by demanding that the device be taken off the market. After Sony declined, Universal and Disney sued, alleging that certain individuals had infringed its copyright by using VTR to record its copyrighted works.<sup>146</sup> Plaintiffs sued Sony for marketing the VTRs to these infringing consumers on a theory of contributory infringement, though they declined to sue any individual consumer.<sup>147</sup> Sony's advertising agency had assumed that Universal would welcome the VTR because it would increase consumer viewing of their television shows. Instead, Universal saw the VTR as a threat to its "still nascent[ ] investment in videodisc technology."<sup>148</sup> This new technology venture of Universal "promised to create a market for pre-recorded video content . . . [but] would not have recording capability."<sup>149</sup>

After the reversal of the federal district court's decision by the Ninth Circuit, the Supreme Court granted certiorari in order to answer the question of "whether the sale of [Sony's] copying equipment to the general public violates any of the rights conferred upon

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142 Peter S. Menell & David Nimmer, *Unwinding Sony*, 95 CALIF. L. REV. 941, 956 (2007).

143 *See id.* at 945.

144 *Id.*

145 *Id.*

146 *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 420 (1984).

147 *Id.*

148 Menell & Nimmer, *supra* note 142, at 945. Disney, the other complainant, saw VTR technology as a threat to the generational redistribution of its timeless Disney classics and its other film rental business. *See id.* at 946.

149 *Id.* at 945.

[Universal and Disney] by the Copyright Act.”<sup>150</sup> In answering this question, the Court supplied an old framework to a novel context, taking the patent law’s “staple article of commerce” inquiry of substantial noninfringing uses and applying it to the Copyright Act.<sup>151</sup>

The Court began its reasoning with an explication of the Intellectual Property Clause and the judiciary’s historic reluctance in expanding copyright without explicit action by the legislature—the body of government that is both constitutionally charged with and most institutionally capable of “promot[ing] the Progress of Science and useful Arts.”<sup>152</sup> When ambiguity exists in copyright law, the Court stated that it must be guided by “the ultimate aim [which] is . . . to stimulate artistic creativity for the general public good.”<sup>153</sup> This stimulation comes from the incentives given to creators. But these incentives “must ultimately *serve the cause of promoting broad public availability of literature, music, and the other arts.*”<sup>154</sup> The Court then noted that § 106 of the Copyright Act—which grants copyright owners certain exclusive rights, including the right to use and authorize reproduction of copyrighted works—does not give to the copyright owner unqualified rights.<sup>155</sup> “All reproductions . . . are *not* within the exclusive domain of the copyright owner; some are in the public domain. Any individual may reproduce a copyrighted work for a ‘fair use’; the copyright owner does not possess the exclusive right to such a use.”<sup>156</sup>

Although the Copyright Act does not by its words render liable one who contributes to or induces infringement, the Patent Act holds that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.”<sup>157</sup> Vicarious and contributory liability are prevalent throughout the law, and so should also be applied to copyright infringement.<sup>158</sup> Vicarious liability concerns the relationship between the potentially vicariously liable party and the direct infringer, and rests on an analysis of whether the potentially vicariously liable party has the right and ability to supervise the infringing activity and a

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150 *Sony*, 464 U.S. at 420.

151 *Id.* at 441–42.

152 *Id.* at 428 (quoting U.S. CONST. art. I, § 8, cl. 8). “Congress has the constitutional authority and the institutional ability to accommodate fully the varied permutations of competing interests that are inevitably implicated by . . . new technology.” *Id.* at 431.

153 *Id.* at 432 (quoting *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975)).

154 *Id.* (emphasis added) (quoting *Twentieth Century Music Corp.*, 422 U.S. at 156).

155 *Id.* at 432–33; see 17 U.S.C. § 106(1) (2006).

156 *Sony*, 464 U.S. at 433 (emphasis added).

157 35 U.S.C. § 271(b) (2006).

158 *Sony*, 464 U.S. at 435.

direct financial interest in the infringing activity. Contributory infringement rests on knowledge of and a material contribution to the infringing activity. Sony does not have the right and ability to supervise those who infringe using Betamax, and so vicarious liability would not apply. Thus, the imposition of secondary liability in this case rested on a theory of contributory infringement.<sup>159</sup>

In defining contributory infringement, the Patent Act expressly holds that:

Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, *and not a staple article or commodity of commerce suitable for substantial noninfringing use*, shall be liable as a contributory infringer.<sup>160</sup>

Congress, in enacting this provision, made the public interest in accessing and using a particular article a relevant consideration in deciding whether that article should be enjoined from the market for its ability to be and proclivity in being used for infringing purposes.<sup>161</sup> Furthermore, when contributory negligence is found, the sale of the article that enables direct infringement under the Patent Act comes under the control of the patent owner—it can be said that “the disputed article is within the monopoly granted to the patentee.”<sup>162</sup> Lastly, the Court has always recognized in contributory infringement cases the importance of not allowing a patent owner to extend his monopoly to such an extent that would upset the balance created by Congress and the constitutional public policy that must ultimately be served.<sup>163</sup>

Although there are “substantial” differences between patent and copyright, there is a “historic kinship” between these two areas of law.<sup>164</sup> In regards to contributory infringement specifically, both areas of law ground the doctrine of contributory infringement on the

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159 *See id.* at 439 (“If vicarious liability is to be imposed on Sony in this case, it must rest on the fact that it has sold equipment with constructive knowledge of the fact that its customers may use that equipment to make unauthorized copies of copyrighted material. There is no precedent in the law of copyright for the imposition of vicarious liability on such a theory.”).

160 35 U.S.C. § 271(c) (emphasis added).

161 *Sony*, 464 U.S. at 440.

162 *Id.* at 441.

163 *Id.*

164 *Id.* at 439; *see Menell & Nimmer, supra* note 142, at 984–85 (testing whether there was an historic kinship between patent and copyright law).

recognition that at times others must be held liable for making infringement possible.<sup>165</sup> The “staple article of commerce” doctrine expressly strikes the balance to be had in these situations in the context of patent infringement, and so the Court imputed this doctrine to the Copyright Act, stating that “the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.”<sup>166</sup>

Despite this language, whether a product needs to be merely *capable* of substantial noninfringing use or whether there must exist *actual* substantial noninfringing use by the public is a question that has no precise answer.<sup>167</sup> However, the origins and policy behind the doctrine are clear. But recall, Congress is the branch constitutionally and most capably charged with striking the balance, and so whether *Sony* (or something like it) survived the DMCA is a question of statutory interpretation. The Court in *Sony* was faced with an ambiguity of the Copyright Act, and so it applied a doctrine for which Congress had expressly provided in the Patent Act. Similarly, if an ambiguity exists in the DMCA, a court should rule in a way that effectuates how Congress would have set the balance if it had expressly done so. In making this ruling, courts must look to both how Congress has acted in the past—even if those actions involved different, yet sufficiently similar contexts—and to whether a ruling would create incentives that stimulate artistic incentives which “ultimately serve the cause of promoting broad public availability of literature, music, and the other arts.”<sup>168</sup>

#### V. REALNETWORKS AND A DOCTRINE OF NONSUBSTANTIAL INFRINGING USES

Although Judge Patel’s opinion in *RealNetworks* is contradictory at times, her holding is clearly stated: fair use is not a defense to traffick-

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165 See *Sony*, 464 U.S. at 442.

166 *Id.*

167 Everyone thought that the Court would answer this question in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005), however, the Court left the issue unresolved in overruling the Ninth Circuit’s misapplication of *Sony*, which “limit[ed] secondary liability quite beyond the circumstances to which the case applied.” *Id.* at 933. *Grokster* applied the Patent Act’s “inducement rule” to copyright law in holding that Grokster’s actions fell outside *Sony*’s safe harbor due to the company’s unlawful intent. See *id.*

168 *Sony*, 464 U.S. at 431–32 (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)).

ing in products that circumvent technological measures under the antitrafficking provisions of the DMCA. It is the technology itself at issue, not copyright infringement. According to Patel, fair use comes into play when an *individual* circumvents for “copying” (not access) purposes, as Congress specifically left out this prohibition in order to protect fair use. But then Patel quotes *Reimerdes* for the proposition that “[t]he fact that Congress elected to leave technologically unsophisticated persons who wish to make fair use of encrypted copyrighted works without the technical means of doing so is a matter for Congress.”<sup>169</sup> This makes no sense. Recall, interpretations that lead to contradictions within a statute must be wrong. Congress would not specifically craft the DMCA in a way that would protect the public’s fair use right, and then, at the same time, enact a provision that would in effect destroy the public’s fair use right.<sup>170</sup> In other words, if “Congress elected to leave technologically unsophisticated persons who wish to make fair use of encrypted copyrighted works without the technical means of doing so,” then why would it demonstrate its commitment to fair use by purposely leaving out a prohibition on the individual act of circumventing a technological measure for purposes of fair use copying? Either Congress did not care about fair use when crafting the DMCA or the interpretation which leads to that conclusion is wrong.

Furthermore, Patel’s holding that fair use is not a defense to trafficking in products that circumvent technological measures that protect against “copying” makes no sense in itself because a “technological measure” as defined in § 1201(b) is a measure that “in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of *a right of a copyright owner* under this title.”<sup>171</sup> This means that whether a “technological measure” exists depends on whether a consumer is using the copyrighted material illegally, as the definition hinges on the existence of *a copyright owner’s right*. It must

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169 *RealNetworks, Inc. v. DVD Copy Control Ass’n*, 641 F. Supp. 2d 913, 943 (N.D. Cal. 2009) (quoting *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 324 (S.D.N.Y. 2000)).

170 Not only would the antitrafficking provisions, as interpreted by Judge Patel, have the effect of destroying the public’s fair use right (because the public would not have the technical means to exercise its right), but § 1201(a)(1)(A)’s circumvention prohibition concerning access would do the same. Copyright owners can combine access and copying measures in the same protection system, “making it impossible to circumvent copy-controls (which is not prohibited) without circumventing access-controls (which is prohibited).” *Circumventing Copyright Controls*, CITIZEN MEDIA L. PROJECT, <http://www.citmedialaw.org/legal-guide/circumventing-copyright-controls> (last updated May 9, 2008).

171 17 U.S.C. § 1201(b)(2)(B) (2006) (emphasis added).

be, then, that CSS protection is a “technological measure” under the DMCA when a consumer burns a copy of a DVD that he does not own, but is not a “technological measure” under the DMCA when that same consumer burns a copy of a DVD that he legally purchased. This must be true because in the latter situation the copyright owner’s rights are not being prevented, restricted, or otherwise limited because the copyright owner possesses *no* rights against actions that are an exercise of rights retained by the public under fair use. This leads to the inescapable conclusion that whether a device, such as CSS, is a “technological measure” under the copying provisions of the DMCA depends entirely on how a circumvention product, like RealDVD, is being used.

For these reasons, implicit in the analysis of whether the antitrafficking provisions of the DMCA have been violated, at least in the context of “copying,” is an inquiry into fair use. Judge Kaplan’s statement in *Reimerdes*, that “[i]f Congress had meant the fair use defense to apply to such actions, it would have said so,”<sup>172</sup> overlooks the fact that Congress *did* say so—the DMCA’s definition of a “technological measure” evidences Congress’s will to consider fair use in § 1201(b) “copying” inquiries. Furthermore, the antitrafficking provision of § 1201(a)(2), which deals with *access*, should not apply to a consumer who legally buys a DVD because that consumer has the authority to use the purchased DVD in legal ways, which include all of the ways allowed by fair use. *Chamberlain*’s interpretation predicating liability on “a reasonable relationship between . . . circumvention . . . and a . . . property right” is the more persuasive interpretation. Surely, Congress did not mean to divorce liability for circumvention from infringement (which implicates a fair use analysis) because as *Chamberlain* explained, this would create two distinct regimes of copyright law.

However, *Chamberlain* alone is an inadequate source. Under the facts of that case, Skylink’s Model 39 transmitter could only be used in non-infringing ways. *Chamberlain* was easy. *RealNetworks*, as presented to Judge Patel, was a little less easy. Although RealDVD can be used for substantial non-infringing purposes (satisfying the *Sony* doctrine), the product can also be used for substantial infringing purposes because it does not limit the number of times a physical DVD can be copied and allows a user to copy DVDs not owned by its user.

Though her reasoning seems confused, Judge Patel did the right thing. RealDVD, as currently constructed, should be enjoined from the market because it allows consumers to circumvent technological

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172 *Reimerdes*, 111 F. Supp. 2d at 322.

measures that protect the rights of copyright owners, which violates the DMCA. The question remains, though. What if RealDVD was re-engineered in a way that drastically limited the ways in which it could be used for infringing purposes? What if RealDVD, which allows for substantial noninfringing uses, could be re-engineered in a way that would also allow for nonsubstantial infringing uses? That circumstance presents a much more difficult case. The *Sony* doctrine is inapplicable to this question because the anticircumvention provisions of the DMCA were clearly enacted by Congress to prevent widespread infringement through use of products that circumvent technological measures. Application of *Sony* would defeat this purpose. But if a product can merely be used for nonsubstantial infringing uses, the product should not be banned *per se* from the market, especially when the product gives to the public a means to enjoy the rights that come with living in a free and open society. Though specific suggestions on how to deal with this problem are the subject of a different note, my purpose here is only to elucidate an issue which will fester until it consumes the attention of the intellectual property world. For we are only in the beginning stages of the digital age, and as technology advances, so will the ability to place limiting restrictions on products such as RealDVD.