Appeal No. 04-1462

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

STORAGE TECHNOLOGY CORPORATION
(doing business as Storagetek),
Plaintiff/Appellee,

v.

CUSTOM HARDWARE ENGINEERING & CONSULTING, INC.,
and DAVID YORK
Defendants/Appellants.

Appeal from the United States District Court
for the District of Massachusetts

Case no. 1:02-CV-12102, Judge Rya W. Zobel

AMICUS CURIAE BRIEF OF ELECTRONIC FRONTIER FOUNDATION IN OPPOSITION TO PLAINTIFF-APPELLEE'S PETITION FOR REHEARING OR REHEARING EN BANC

Bruce Abramson
Gordian Solutions, Inc.
2401 Pennsylvania Ave. NW
Suite #502
Washington, DC 20037
(202) 299-4171
(202) 887-4724 (fax)

Jason M. Schultz
Counsel of Record
Fred von Lohmann
Electronic Frontier Foundation
454 Shotwell Street
San Francisco, CA 94110
(415) 436-9333
(415) 436-9993 (fax)

Attorneys for Amicus Curiae
Electronic Frontier Foundation

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

Storage Technology Corporation v. Custom Hardware Engineering & Consulting, Inc., et al.

No. 04-1462

CERTIFICATE OF INTEREST

Amicus Curiae ELECTRONIC FRONTIER FOUNDATION, hereby certifies the following:

1. The full name of every party or amicus represented by us is:

Electronic Frontier Foundation

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

N/A.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None.

4. There is no such corporation as listed in paragraph 3.

N/A.

5. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

Electronic Frontier Foundation – Jason M. Schultz, Fred von Lohmann, and Bruce Abramson

Dated: November 3, 2005

Respectfully submitted,

Bruce Abramson
Gordian Solutions, Inc.
2401 Pennsylvania Ave. NW
Suite #502
Washington, DC 20037
(202) 299-4171
(202) 887-4724 (fax)

Jason M. Schultz
Fred von Lohmann
Electronic Frontier Foundation
454 Shotwell Street
San Francisco, CA 94110
(415) 436-9333
(415) 436-9993 (fax)

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases

Statutes

Other Authorities

I. INTEREST OF AMICUS CURIAE

Now in its 15th year, amicus Electronic Frontier Foundation ("EFF") is a membership-supported, nonprofit public interest organization devoted to maintaining the proper balance between the interests of copyright owners and the public as information moves into the digital domain. EFF's nearly 9,000 contributing members include individual hobbyists, computer programmers, entrepreneurs, students, teachers, and researchers, all united in their reliance on a balanced copyright system that ensures adequate protection for copyright owners while ensuring access to information in the digital age.

EFF has developed a particular expertise with respect to the anti-circumvention provisions of the Digital Millennium Copyright Act (DMCA), 17 U.S.C. § 1201 et seq., having served as counsel or amicus in a number of DMCA cases, including *Chamberlain Group v. Skylink Technologies* before this Court. *See, e.g., Davidson & Assoc. v. Jung*, 422 F.3d 630 (8th Cir. 2005) (counsel); *Lexmark Int'l v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004) (amicus); *Chamberlain Group, Inc., v. Skylink Technologies, Inc.*, 381 F.3d 1178 (Fed. Cir. 2004) (counsel for amicus Consumers Union); *Universal City Studios, Inc. v. Corley*, 273 F.3d 429 (2d Cir. 2001) (counsel); *321 Studios v. Metro-Goldwyn-Mayer Studios, Inc.*, 307 F.Supp.2d 1085 (N.D. Cal. 2004) (amicus); *U.S. v. Elcom Ltd.*, 203 F.Supp.2d 1111 (N.D. Cal. 2002) (amicus). EFF has also participated in each of the triennial rule-makings authorized under the DMCA, 17 U.S.C. § 1201(a)(1)(C), both by proposing exemptions and assisting members of the public to participate in the rule-making process.

In light of its expertise with the statutory scheme that Congress crafted in 17 U.S.C. § 1201, EFF believes that it can offer useful assistance to this Court in addressing the arguments presented by Plaintiff-Appellee Storage Technology Corporation ("StorageTek") and its supporting *Amici* in the petition for rehearing or rehearing *en banc*.[1] Therefore, EFF respectfully requests that the Court consider this brief as it considers StorageTek's petition.

II. INTRODUCTION

In reversing the district court's grant of a preliminary injunction, the panel opinion considered the proper scope of 17 U.S.C. § 1201(a)(1). The panel opinion properly applied the lessons of this Court's opinion in *Chamberlain*:

> While the First Circuit has not addressed the scope of the DMCA's prohibition under section 1201(a), this court has confronted the issue in *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 381 F.3d 1178 (Fed. Cir. 2004). In *Chamberlain* we held that . . . section 1201 "prohibits only forms of access that bear a reasonable relationship to the protections that the Copyright Act otherwise affords copyright owners." *Id.* at 1202. A copyright owner alleging a violation of section 1201(a) consequently must prove that the circumvention of the technological measure either "infringes or facilitates infringing a right protected by the Copyright Act." *Id.* at 1203. . . . We held above that it is unlikely StorageTek will succeed on the merits of its copyright claim. To the extent that CHE's activities do not constitute copyright infringement or facilitate copyright infringement, StorageTek is foreclosed from maintaining an action under the DMCA. *See Chamberlain*, 381 F.3d at 1202.

Storage Technology Corp. v. Custom Hardware Engineering & Consulting, Inc., 421 F.3d 1307, 1318 (Fed. Cir. 2005).

[1] Amicus EFF takes no position regarding the issues raised in the petition for rehearing unrelated to 17 U.S.C. § 1201, namely, the proper application of 17 U.S.C. § 117 to the facts of this appeal.

StorageTek now (apparently for the first time) takes aim at this Court's *Chamberlain* precedent, contending that "the *en banc* Court should confine *Chamberlain*'s holding to the narrower ground of decision expressed in that case and disavow the *Chamberlain* panel's broad statements that proof of infringement is required under § 1201(a)(1)." Pet. at 11-12. The Software & Information Industry Association, Association of American Publishers, Entertainment Software Association, Motion Picture Association of America, National Music Publishers' Association, and Recording Industry Association of America ("Copyright Industry Amici") go further, proclaiming that "[t]he *Chamberlain* analysis fundamentally misread the statute and should not control this case." Copyright Industry Br. at 3. Amici New England Legal Foundation ("NELF") echoes this view, maintaining that the panel opinion and *Chamberlain* "violate the most basic principles of statutory construction and improperly tamper with the balance of competing interest that Congress struck when it enacted the DMCA." NELF Br. at 4-5.

These belated protestations notwithstanding, both *Chamberlain* and the panel's reliance on *Chamberlain* are fully consistent with the DMCA's statutory language, with the logical structure of the statute as a whole, and with "the careful balance that Congress sought to achieve between the 'interests of content creators and information users.'" *Storage Technology*, 421 F.3d at 1319 (quoting DMCA legislative history).

A. *Chamberlain* Is Entirely Consistent with the Librarian Of Congress's Rulemaking Authority

In attacking *Chamberlain*, both StorageTek and the Copyright Industry

Amici rely principally on an argument that misunderstands 17 U.S.C. § 1201(a)(1)(C), the statutory provision that authorizes the Librarian of Congress to promulgate exemptions from anticircumvention liability for those "adversely affected by the prohibition under subparagraph (A) in their ability to make noninfringing uses under this title of a particular class of copyrighted works." The Copyright Industry Amici correctly describe the relevant triennial rulemaking procedures, but then perplexingly leap to the conclusion that "none of them would make any sense if the reading of § 1201(a) advanced in *Chamberlain*, and adopted by the panel in this case, were correct." Copyright Industry Br. at 5. StorageTek makes the same argument—that somehow this Court's ruling in *Chamberlain* has rendered the triennial DMCA rulemaking an empty exercise. Pet. at 13. This purported conflict between *Chamberlain* and the triennial DMCA rulemaking entirely illusory for at least two reasons: first, prospective rulemaking offers distinct advantages over retrospective litigation for those interested in obtaining *ex ante* certainty about the legality of their activities; and, second, *Chamberlain* and the rulemaking apply different legal standards.

1. The DMCA rulemaking continues to serve the legislative purpose of the DMCA, regardless of the legal standards set out in *Chamberlain*.

The triennial rulemaking procedure is a *prospective* regulatory mechanism, whereas the standards articulated by this Court in *Chamberlain* come into play only in *retrospective* litigation. The prospective nature of the rulemaking is critical to realizing the purpose of the DMCA rulemaking: to mitigate the chill on noninfringing activities that the DMCA's anti-circumvention provisions otherwise

inflict. *See* H.R. Rep. No. 105-551, Pt. 2 at 36 (1998) (DMCA legislative history characterizing the rulemaking as a "fail-safe" mechanism "to ensure that access [to protected works] for lawful purposes is not unjustifiably diminished"). In the absence of the rulemaking process, individuals interested in circumventing access controls for lawful purposes would have no recourse but to risk civil litigation, including the prospect of statutory damages, or criminal prosecution. *See* 17 U.S.C. §§ 1203, 1204. The triennial rulemaking process affords interested parties the ability to seek *ex ante* certainty regarding the legality of their activities. Lacking this mechanism, many who are unable or unwilling to risk expensive *ex post* litigation would simply refrain from undertaking these activities—often to the detriment of the public at large.[2]

Experience with the DMCA rulemaking process demonstrates that it encourages substantial participation by those who might otherwise not be willing or able to risk litigation. In the 2003 rulemaking, for example, hundreds of individuals petitioned the Copyright Office seeking exemptions to enable personal, noncommercial uses of protected media, including exemptions in order to play copy-protected CDs on personal computers, skip otherwise-unskippable advertisements on DVDs, and play non-Region 1 DVDs legitimately-acquired abroad. *See* Recommendation of the Register of Copyrights in RM 2002-4: Rulemaking on Exemptions from Prohibition on Circumvention of Copyright

[2] Moreover, because any exemptions granted pursuant to the triennial rulemaking apply to entire classes of otherwise-protected works on a nationwide basis, they provide a kind of certainty that is difficult to obtain by case-by-case litigation.

Protection Systems for Access Control Technologies (Oct. 27, 2003) at 109-15, 120-24, 150-58 (hereinafter, "Register's Recommendation").[3] Although most of these proposed exemptions were ultimately rejected by the Librarian of Congress, the rulemaking procedure nevertheless afforded interested parties the opportunity to obtain *ex ante* regulatory guidance regarding whether the Register of Copyrights viewed their intended activity as noninfringing or violative of the DMCA's prohibition on circumvention.

The nature of the exemptions that the Librarian of Congress has granted also speaks to the special role played by the prospective rulemaking process. Currently, exemptions apply to four classes of "protected" works. For two of the exemptions, obsolescence and access controls combine to render copyrighted software unusable; circumvention enables its use. The third exemption permits circumvention of access controls that shields from public view lists of blocked domains, websites, or portions of websites in commercial filtering software. The fourth exemption enables automatic read-alouds for e-books otherwise unavailable to the visually impaired. *See* 37 C.F.R. § 201.40(b).

Each of these four exemptions is likely to serve peculiarly-situated noncommercial users, rather than lucrative commercial interests. In light of the noncommercial nature of these exemptions, their beneficiaries would likely have refrained from the activity rather than risking expensive litigation in the absence of the rulemaking process, thereby depriving the public of the noninfringing, socially

[3] Available at <http://www.copyright.gov/1201/docs/registers-recommendation.pdf>.

desirable activities that the Librarian of Congress has seen fit to exempt from liability.

Thus, even if this Court's ruling in *Chamberlain* might shelter some or all of the same noninfringing activities that the Librarian of Congress is empowered to exempt pursuant to his DMCA rulemaking authority, this hardly renders the rulemaking procedure "a complete waste of time and resources." Copyright Industry Br. at 6. Congress created the rulemaking procedure as a "fail safe" to protect the interests of those intent on making lawful (and often noncommercial) uses of protected works. StorageTek and its supporting Amici are simply mistaken when they claim that the rulemaking is rendered superfluous simply because some of these lawful users might prevail after litigation on the merits. One need only consider the two paths—prospective rulemaking and retrospective litigation—from the perspective of an individual, noncommercial researcher to realize the vast difference between them.[4]

2. The Librarian of Congress is empowered to extend exemptions beyond the reach of *Chamberlain*.

The triennial DMCA rulemaking and this Court's ruling in *Chamberlain* are not in conflict for a second reason, as well: they turn on distinct legal standards. StorageTek and its supporting Amici appear to believe that *Chamberlain* puts all

[4] In granting the exemption for "censorware" research in 2003, the Register of Copyrights specifically noted that the exemption was adopted largely thanks to the efforts of a single researcher, Seth Finkelstein. *See* Register's Recommendation, *supra*, at 26. Had risking litigation (even with the comfort of *Chamberlain*) been his only option, he may have chosen to refrain from his research altogether rather than risk legal expenses and statutory damages.

noninfringing activities beyond the reach of the DMCA's circumvention prohibitions. Pet. at 13 ("The very fact that a use was noninfringing would preclude § 1201(a) liability."); Copyright Industry Br. at 6 ("Circumvention to make a non-infringing use…would be permanently insulated from liability under § 1201(a)(1) in virtually all cases."). From this premise, they conclude that the standards enunciated in *Chamberlain* are coextensive with, and thus entirely supplant, the Librarian of Congress' rulemaking authority.

This argument blatantly misreads *Chamberlain*. In that case, this Court expressly held that a plaintiff, in order to establish a violation of 1201(a), must prove that the act in question *either* "infringes *or facilitates* infringing a right protected by the Copyright Act." *Chamberlain*, 381 F.3d at 1203 (emphasis added). The panel opinion at issue here cited this language, recognizing that it requires a "nexus between…possible infringement and the use of the circumvention devices." *Storage Technology*, 421 F.3d at 1319. In other words, neither *Chamberlain* nor the panel opinion constrained the scope of 1201(a)(1) solely to activities that infringe copyright. Both recognize that activities, while not themselves infringing, that have a "nexus" with or "facilitate" infringement may still fall within the prohibition of Section 1201(a).

In contrast, nothing prevents the Librarian of Congress from granting exemptions for a noninfringing activity, even where such an activity might potentially "facilitate" infringement by third parties. In fact, in recommending one of the exemptions currently in force, the Register of Copyrights admitted that the exemption might facilitate infringement but concluded that the risk was justified.

See Register's Recommendation, *supra*, at 82 (noting that granting an exemption for circumvention of ebook protections to the visually impaired "could create significant harm to this emerging market by facilitating Napster-like distribution of ebooks over the Internet," but nevertheless recommending the exemption). As a result, nothing in *Chamberlain* or the panel opinion interferes with the authority that the DMCA grants to the Librarian of Congress. Those interested in circumventing in order to undertake lawful activities that potentially facilitate infringement have recourse to the triennial rulemaking proceedings, precisely as Congress intended.

III. CONCLUSION

Contrary to the assertions of StorageTek and its supporting Amici, nothing in the panel opinion or in this Court's *Chamberlain* ruling interferes with the efficacy or purpose of the DMCA rulemaking.[5] For the reasons ably set forth in the

[5] StorageTek also argues that the panel opinion and *Chamberlain* cannot be squared with § 1201(b)(1), contending that "[i]f, as *Chamberlain* stated, § 1201(a)(2) required proof of infringement or its facilitation, it would be duplicative of § 1201(b)(1), which is explicitly tied to infringement…." Pet. at 13. This confuses the subject-matter regulated by § 1201(b)—copyrighted works protected by technical measures that effectively protect a right of a copyright owner—with what must be proved under *Chamberlain* in order to establish liability—that trafficking in the accused device have some nexus with infringement.

For example, audio CDs that are protected solely by "copy-protection" mechanisms would fall within the ambit of § 1201(b) because reproduction is a right of a copyright owner. *See* 17 U.S.C. § 1201(b)(2)(B). Such CDs would not fall within the ambit of § 1201(a)(2), because that provision is limited to works that are protected by "access controls." *See* 17 U.S.C. § 1201(a)(3)(B). *Chamberlain* does no violence to this statutory mechanism for sorting works subject to "access control" from those subject to "copy control." Rather, *Chamberlain* simply

Answer of Defendant-Appellant Custom Hardware Engineering & Consulting, Inc., StorageTek's remaining attacks on the panel's DMCA analysis are also unavailing. Accordingly, to the extent StorageTek's petition for rehearing or rehearing *en banc* is premised on these arguments, it should be denied.

Dated: November 3, 2005

Respectfully submitted,

Bruce Abramson
Gordian Solutions, Inc.
2401 Pennsylvania Ave. NW
Suite #502
Washington, DC 20037
(202) 299-4171
(202) 887-4724 (fax)

Jason M. Schultz
Fred von Lohmann
Electronic Frontier Foundation
454 Shotwell Street
San Francisco, CA 94110
(415) 436-9333
(415) 436-9993 (fax)

requires that, in order to prove a violation of either § 1201(a)(2) or (b), a plaintiff must prove that the accused circumvention device facilitates infringement—an inquiry entirely distinct from the question of whether the copyrighted work in question is protected by an "access control" or a "copy control."

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 3rd day of November, 2005, the undersigned served two (2) true and correct copies of the foregoing AMICUS CURIAE BRIEF OF ELECTRONIC FRONTIER FOUNDATION IN OPPOSITION TO PLAINTIFF-APPELLEE'S PETITION FOR REHEARING OR REHEARING EN BANC by Federal Express overnight delivery to

Charles W. Steese
Steese & Evans, P.C.
6400 South Fiddlers Green, Ste 1820
Denver, CO 80111

Steven J. Metalitz
Smith & Metalitz LLP
1747 Pennsylvania Ave, Ste 825
Washington, DC 20006

Michael E. Malamut
New England Legal Foundation
150 Lincoln Street
Boston, MA 02111

Michael D. Broaddus
Perkins Coie, LLP
1201 Third Ave, 48th Fl
Seattle, WA 98101-3099

Joseph L. Stanganelli
Scibelli, Whiteley & Stanganelli, LLP
50 Federal Street, 5th Fl
Boston, MA 02110

Bobbee J. Musgrave
Musgrave & Theis, LLP
Republic Plaza, Ste 4450
Denver, CO 80202

Andrew J. Pincus
Mayer, Brown, Rowe & Maw LLP
1909 K Street, N.W.
Washington, DC 20006

Anthony G. Simon
Simon Passanante, PC
701 Market Street, Ste 1150
St. Louis, MO 63101

Dean L. Franklin
Edwin G. Harvey
Nicholas B. Clifford, Jr.
Thompson Coburn LLP
One US Bank Plaza
St. Louis, MO 63101

Marjorie Sommer Cooke
Barbara Gruenthal
Cooke, Clancy & Gruenthal, LLP
265 Franklin Street
Boston, MA 02110

Michael E. Malamut
Martin J. Newhouse
Andrew R. Grainger
New England Legal Foundation
150 Lincoln Street
Boston, MA 02111

Paul R. Gupta
Mayer, Brown, Rowe & Maw LLP
1675 Broadway
New York, NY 10019

I further certify that, on the same date, the undersigned dispatched the original and fourteen (14) copies of the foregoing AMICUS CURIAE BRIEF OF ELECTRONIC FRONTIER FOUNDATION IN OPPOSITION TO PLAINTIFF-APPELLEE'S PETITION FOR REHEARING OR REHEARING EN BANC to the Clerk of this Court by Federal Express overnight delivery.

_____

Jason M. Schultz