No. 08-10521

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

MGE UPS SYSTEMS, INC.

Plaintiff-Appellant,

v.

POWER PROTECTION SERVICES, LLC; BILL WILKIE,

Defendants-Appellees,

GE CONSUMER AND INDUSTRIAL, INC.; GE INDUSTRIAL SYSTEMS, INC.; GENERAL ELECTRIC COMPANY; POWER MAINTENANCE INTERNATIONAL, INC.,

Defendants-Appellees.

On Appeal From The United States District Court for the
Northern District Of Texas, Fort Worth Division, No. 4:04-CV-929Y

BRIEF FOR THE UNITED STATES
AS AMICUS CURIAE SUPPORTING REHEARING

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Defendants-Appellees/Respondents.

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE SUPPORTING REHEARING

INTEREST OF THE UNITED STATES

The panel's opinion in this case addresses, as "an issue of first impression in this Circuit," slip op. 5, the scope of the prohibition in the Digital Millennium Copyright Act (DMCA) against circumventing technological measures that effectively control access to a copyrighted work. See 17 U.S.C. § 1201(a)(1). The Court's interpretation of that

provision implicates the interests of the United States Copyright Office, which is responsible for administering the federal copyright laws. See 17 U.S.C. § 701. It also directly affects the Library of Congress, to which Congress delegated the power under the DMCA to craft exemptions to the anti-circumvention prohibition where necessary to protect the ability of users to make noninfringing uses of copyrighted works. See 17 U.S.C. § 1201(a)(1)(C). In addition, the panel's decision is of significant interest to the United States Department of Justice, which prosecutes criminal violations of the DMCA, including violations of the anti-circumvention prohibition. See 17 U.S.C. § 1204(a). The United States has authority to file this brief under Rule 29(a) of the Federal Rules of Appellate Procedure.

INTRODUCTION AND SUMMARY

The United States respectfully urges the Court to grant panel rehearing and revise its opinion to omit its unnecessary discussion of the types of "access" prohibited by 17 U.S.C. § 1201(a)(1). The panel concluded that "[m]erely bypassing a technological protection that restricts a user from viewing or using a work is insufficient to trigger the DMCA's anti-circumvention provision. * * * The owner's

technological measure must protect the copyrighted material against an infringement of a right that the Copyright Act protects, not from mere use or viewing." Slip op. 6. As we explain below, that conclusion is inconsistent with the text, structure, and legislative history of the DMCA. The panel's decision threatens to frustrate Congress's purpose in section 1201(a)(1), which was to provide a federal prohibition against bypassing passwords, encryption, and other technologies that regulate access to a copyrighted work in circumstances in which the copyright owner would *not* otherwise have a remedy under the Copyright Act. The panel's decision is of particular concern to the United States, moreover, because it essentially renders pointless the administrative authority that Congress granted to the Librarian of Congress under the DMCA to promulgate exemptions to Section 1201(a)(1)'s anti-circumvention prohibition for particular classes of copyrighted works. See 17 U.S.C. § 1201(a)(1)(C).

If the panel's interpretation of section 1201(a)(1) had been outcome determinative, this case would have warranted review by the *en banc* Court. But the panel's discussion of the types of "access"

prohibited by section 1201(a)(1) was unnecessary to the outcome of the appeal: the panel also held, in the alternative, that plaintiff MGE UPS Systems ("MGE") failed to prove that GE/PMI committed the relevant act of circumvention. See slip op. 7. Accordingly, the United States urges the Court to grant panel rehearing and withdraw its discussion of the types of "access" prohibited by section 1201(a)(1). If the panel's decision is not modified, the United States would support further review of the panel's interpretation of section 1201(a)(1) in an appropriate case to vindicate Congress's purposes in the DMCA and to protect the integrity of the administrative functions entrusted to the Librarian of Congress under the Act.

ARGUMENT

A. THE PANEL ERRONEOUSLY HELD THAT SECTION 1201(a)(1) PROHIBITS ONLY ACCESS THAT WOULD VIOLATE THE COPYRIGHT ACT.

1. "No person shall circumvent a technological measure that effectively controls access to a work protected under this title." 17 U.S.C. § 1201(a)(1)(A). The DMCA defines the phrase "circumvent a technological measure" to mean "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." Id. § 1201(a)(3)(A). The statute also defines "effectively controls access to a work" to mean that "the measure, 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." Id. § 1201(a)(3)(B).

The plain language of section 1201(a)(1)(A) thus restricts *any* unauthorized access to a copyrighted work that is protected by an access control, just as breaking-and-entering laws prohibit any access to a locked house, even if nothing inside is stolen. Nothing in the text of the statute links "access" with infringement of the underlying copyright. The phrase "protected under this title" grammatically modifies the noun "work," not "access"; it defines the *types of works* to which access is prohibited, not the *type of access* prohibited.

Nonetheless, in the panel's view, "[t]he DMCA prohibits only forms of access that would violate or impinge on the protections that the Copyright Act otherwise affords copyright owners." Slip op. 6. The panel thus held that MGE's claim under section 1201(a)(1) failed

because "MGE has not shown that bypassing its dongle infringes a right protected by the Copyright Act." Slip op. 7. This reasoning makes the DMCA's anti-circumvention rule essentially redundant of the Copyright Act's substantive protections: if the "access" prohibited under section 1201(a)(1)(A) must "infringe[] a right protected by the Copyright Act," slip op. 7, then the DMCA only prohibits what the Copyright Act already prohibits. That cannot be correct.

Indeed, the panel's reading of the statute conflates technological *access* controls with *infringement* controls, which Congress addressed in a different section of the DMCA. Section 1201(b) of the Act prohibits trafficking in devices or services "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*." 17 U.S.C. § 1201(b)(1)(A) (emphasis added).[1] By construing section 1201(a)(1)(A) to encompass only forms

[1] The Act further defines the phrase "effectively protects a right of a copyright owner under this title" to mean that "the measure, in the ordinary course of its operation, prevents, restricts, or otherwise limits the exercise of a right of a copyright owner under this title." 17 U.S.C. § 1201(b)(2)(B).

of access that "violate or impinge on the protections that the Copyright Act otherwise affords copyright owners," slip op. 6, the panel collapsed Congress's distinction between access controls and infringement controls and thereby drained the DMCA's prohibition against circumventing access controls of all independent significance. See Lexmark Int'l, Inc. v. Static Control Components, Inc., 387 F.3d 522, 545 (6th Cir. 2004) (distinguishing access controls from infringement controls under the DMCA); Universal City Studios, Inc. v. Corley, 273 F.3d 429, 440-41 (2d Cir. 2001) (same).

2. The panel's interpretation, moreover, essentially renders moot the Librarian of Congress's authority to adopt, by rule, exemptions to the DMCA's anti-circumvention provision for particular types of copyrighted works. See 17 U.S.C. § 1201(a)(1)(C). The Librarian is authorized to recognize such exemptions, for successive periods of three years, where the requirements of section 1201(a)(1) may "adversely affect[]" the ability of users "to make noninfringing uses under this title" of particular classes of copyrighted works. Ibid. The Librarian has repeatedly exercised that authority and, in fact, has recognized an exception for bypassing hardware "dongles" to access copyrighted

software in certain circumstances — though *not* in the circumstances permitted by the panel here. See Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 75 Fed. Reg. 43825, 43839 (July 27, 2010) (recognizing an exemption for bypassing dongles "that prevent access due to malfunction or damage and which are obsolete"). If the panel's construction of the DMCA were correct, however, no exemption would be necessary "to make noninfringing uses under this title" because, according to the panel, section 1201(a)(1) only prohibits circumventions that "infringe[] a right protected by the Copyright Act." Slip op. 7. The panel's decision thus renders essentially pointless the administrative process that Congress established in the DMCA.[2]

3. The panel's decision also threatens to frustrate Congress's purposes in enacting section 1201(a)(1). The entire point of that

[2] Similarly, the panel's decision essentially obviates the six specific statutory exemptions that Congress enacted in section 1201 for types of conduct that would generally be recognized as noninfringing fair uses. See 17 U.S.C. § 1201(d)-(g), (i)-(j). Those exemptions would be unnecessary if, as the panel believed, the basic prohibition in section 1201(a)(1) did not encompass circumvention to engage in noninfringing acts.

provision was to provide a federal prohibition against bypassing passwords, encryption, and other technologies that regulate access to a copyrighted work in circumstances in which the act of obtaining access would not by itself violate the copyright laws. Congress was concerned that, absent a strong federal prohibition on circumventing such technological locks, copyright owners would be unwilling to release digital versions of their works in online marketplaces. See, e.g., H.R. Rep. 105-551, Part II, at 23 (1998). Congress determined that by prohibiting unauthorized access — separate from and in addition to unauthorized copying — it could give copyright owners the confidence to distribute their works in new and powerful ways (*e.g.*, streaming video over the internet, digital "rentals" that expire after predetermined periods of time, music files playable only on certain devices, and so on). Congress specifically sought to foster such "use-facilitating" business models by enacting section 1201. See Staff of House Comm. on the Judiciary, 105th Cong., Section-By-Section Analysis of H.R. 2281, at 7 (Comm. Print 1998).

The panel's decision, however, would appear to allow the intentional hacking of password protections and other technological locks without penalty, provided the hacking is designed to enable what the panel called "mere use or viewing." Yet the ability of copyright owners to exercise fine-tuned control over use and viewing — often with different prices associated with different degrees of access, such as digital movie rentals that expire after a specified period — is exactly what has enabled the proliferation of digital media products in the decade since the DMCA was enacted. Similarly, "dongles" such as those used by MGE here are a common technological measure used to control access to valuable copyrighted software programs. The panel's holding would effectively immunize the circumvention of this legitimate form of software access control.

4. The panel relied for its ruling on the Federal Circuit's decision in Chamberlain Group, Inc. v. Skylink Techs., Inc., 381 F.3d 1178 (Fed. Cir. 2004). See slip op. 6. But that decision, too, was incorrectly decided for the reasons already discussed. The panel quotes the Federal Circuit's observation that "virtually every clause of § 1201 that mentions 'access' links 'access' to 'protection.'" Slip op. 6 (quoting

Chamberlain, 381 F.3d at 1202). But what matters is the grammatical structure of that link: as we have explained, the phrase "protected under this title" in section 1201(a) defines the *types of works* to which access is prohibited, not the *type of access* prohibited. See 17 U.S.C. § 1201(a)(1)(A) ("No person shall circumvent a technological measure that effectively controls access to a work protected under this title."). Like the panel here, moreover, the Federal Circuit appears to have overlooked the administrative authority that Congress assigned to the Librarian of Congress under the DMCA.

In any event, although the Federal Circuit incorrectly limited the scope of section 1201(a), it at least recognized that circumventing an access control in order to facilitate acts of copyright infringement is a violation of the DMCA.[3] See 381 F.3d at 1204. In Chamberlain, the court concluded that the plaintiff had failed to show how the alleged circumvention enabled any downstream acts of infringement. See ibid.

[3] Moreover, Chamberlain involved a violation of the anti-trafficking prohibition in section 1201(a)(2), not the anti-circumvention prohibition in section 1201(a)(1). Cf. Chamberlain, 381 F.3d at 1195 (acknowledging that defendants who use devices that are sold in violation of the trafficking provisions of the DMCA "may be subject to liability under § 1201(a)(1) whether they infringe or not").

Here, by contrast, GE/PMI used the hacked software to infringe MGE's copyrights, as the jury found and the panel affirmed. Slip op. 15-16. Chamberlain thus provides no support for the panel's conclusion.

B. PANEL REHEARING IS APPROPRIATE IN LIGHT OF THE COURT'S ALTERNATIVE HOLDING THAT MGE FAILED TO CARRY ITS BURDEN OF PROOF.

If the panel's interpretation of section 1201(a)(1) had been outcome-determinative here, this case would have satisfied the criteria for *en banc* review. But the panel's discussion of the types of "access" prohibited by section 1201(a)(1) was unnecessary to the outcome. As an alternative ground for affirming the district court's dismissal of the DMCA claim, the panel held that MGE failed to carry its burden to prove that GE/PMI committed an unauthorized act of circumvention. See slip op. 7 ("Without proving GE/PMI actually circumvented the technology (as opposed to using technology already circumvented), MGE does not present a valid DMCA claim."). Although MGE's rehearing petition briefly challenges this aspect of the panel's ruling as

well, see Pet. 12-13, MGE cites no authority for its argument on this score.[4] See ibid.

Assuming the Court does not grant further review of the panel's alternative holding, the government respectfully suggests that the Court grant panel rehearing and revise its opinion to rely on this alternative basis for affirmance alone. This approach would preserve and respect the finality of the panel's decision, while at the same time avoiding the need for *en banc* or Supreme Court review of the panel's interpretation of section 1201(a)(1).

[4] The United States expresses no view regarding whether and in what circumstances the use of software that has been modified by another party to bypass a security technology may itself violate section 1201(a)(1).

CONCLUSION

For the foregoing reasons, the Court should grant panel rehearing.

Respectfully submitted,

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September 2, 2010

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s/ Mark R. Freeman

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Mark R. Freeman

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I hereby certify that on September 2, 2010, I caused copies of the foregoing amicus brief to be filed with the Court via the CM/ECF system, which constitutes service under the Court's ECF rules on all parties and amici.

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