THROWING OUT THE BABY WITH THE BATHWATER OR CAN CONGRESS PROHIBIT ANTICOPY CIRCUMVENTION DEVICES WITHOUT PREVENTING LEGITIMATE COPYING?

By Jonathan Band[1]

The National Information Infrastructure Copyright Protection Act, S. 1284 and H.R. 2441, contains a provision that would prohibit the manufacture, distribution, or importation of technologies that circumvent a system or process that prevents the copying of copyrighted works. While few would oppose the principle of prohibiting the circumvention of devices that prevent privacy, developers of interoperable software products have raised concerns that the provision as drafted could inhibit the software reverse engineering permitted under *Sega v. Accolade*, 977 F.2d 1510 (9th Cir. 1992). Given the acrimonious debate in the software industry over reverse engineering during the past six years, the scope of the anticopy circumvention provision is likely to be a central issue in the legislative debate over S. 1284 and H.R. 2441.

A. The Green Paper

The Clinton Administration's Working Group on Intellectual Property, in its July, 1994 Green Paper, proposed a prohibition on the production and distribution of devices that circumvent anticopy technology. Although intended to prevent wholesale misappropriation of content such as audiovisual products flowing through the information infrastructure, the provision proposed by the Green Paper arguably

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restricted certain forms of software reverse engineering. If, for example, a software developer included in her program some code that prevented the disassembly of the program,[2] the disabling of the anti-disassembly code for the purpose of performing otherwise lawful reverse engineering might have been unlawful under the terms of the proposed provision.

The European Union's Software Directive requires the Member States to prohibit the distribution or a possession of anticopy circumvention technology, but it explicitly states that this prohibition shall *not* prejudice reverse engineering rights under Articles 5 and 6.[3] Conversely, the Green Paper's proposed language did not contain a reverse engineering exemption. Instead, it broadly provided that "[n]o person shall import, manufacture or distribute any device… the primary purpose or effect of which is to avoid…, without authority of the copyright owner or the law, any process… which prevents… the violation of any of the exclusive rights under section 106."[4]

In the comment period following issuance of this proposal, several trade associations noted that this language might prevent the manufacture of anticopy circumvention devices that are used to enable the making of lawful copies, *e.g.*, back-up copies under 17 U.S.C. §117, or fair use copies created during the course of

[2] Disassembly involves he translation of machine readable object code into a higher level, human readable form.

[3] Software Directive Art. 7. The Australian Copyright Law Review Committee recommended the adoption of similar language, *see* CLRC Report §2.29, at 12, as did the Canadian Information Highway Advisory Council.

[4] Green Paper at 128.

reverse engineering.[5] Working Group officials responded that the phrase "without the authority of … the law" restricted the provision to circumvention of anticopy devices for unlawful purposes. The trade associations pointed out that the provision's "primary purpose or effect" test undermined this restriction. ACIS explained:

> [C]onsider a software vendor who has incorporated an anticopy device in its business software applications. Another vendor develops a mechanism that can circumvent the anticopy device. A year after this mechanism is placed on the market, it is determined that 55% of the copies made using the mechanism are unlawful copies, while 45% of the copies are lawful section 117 archival copies. Under such circumstances, what would be the "primary purpose or effect" of the mechanism? It seems clear that such a mechanism would be illegal under the proposed section …. It seems equally clear that this result would be inconsistent with the purposes and policies underlying the Copyright Act. To be sure, the makers of the unlawful copies are infringers and should be liable for damages, and, where appropriate, criminal penalties. At the same time, the vendors of the circumvention mechanism should be free from liability.[6]

ACIS also distinguished the other anticopy circumvention provisions cited by the Green Paper as analogies. In particular, ACIS noted that the Serial Copyright Management System provision in the Audio Home Recording Act permitted the end user to make at least one digital and unlimited analog copies of a digital original.

At the request of the U.S. government, expansive anticopy circumvention language appeared in an October 5, 1994 draft of the proposed Protocol to the Berne

[5] The associations raising concerns included the American Committee For Interoperable Systems (ACIS) and the Computer and Communications Industry Association.

[6] ACIS Comments on Green Paper at 5, n.5.

Convention.[7] This too elicited the concern of interoperable developers. In a letter to PTO Commissioner Lehman concerning the Berne Protocol proposal, ACIS acknowledged that devices that defeat anticopy technologies could threaten the exclusive rights of authors, but argued that:

> U.S. law clearly permits the making of reproductions without the author's permission under certain circumstances…. Accordingly, any provision intended to regulate anti-copy circumvention devices must be carefully drafted so as to accommodate the making of lawful reproductions.[…] One possible approach would be to focus on the products resulting from the use of anti-copy circumvention devices, rather than on the devices themselves.[8]

B. The White Paper

Notwithstanding this critique, the Working Group's final report, the so-called White Paper issued on September 5, 1995, retained the anticopy circumvention language. The White Paper did, however, reply to the concerns raised by ACIS and others. The White Paper first argued that "the fair use doctrine does not require a copyright owner to allow or to facilitate unauthorized access or use of a work. Otherwise…museums could not require entry fees or prohibit the taking of photographs…"[9] Accordingly, the fact that the provision might chill fair use rights was not legitimate grounds for amending or eliminating the provision. Second, the White Paper repeated the Working Group's earlier assertion that a circumvention device "primarily intended and used for legal purposes, such as fair use,"[10] would not

[7] Memorandum of WIPO International Bureau, ¶98(a)(i), Oct. 5, 1994.

[8] Letter from Peter Choy to Bruce Lehman, Nov. 23, 1994.

[9] White Paper at 231.

[10] *Id*.

violate the provision. The White Paper did, however, acknowledge that manufacturers "may inadvertently find themselves liable for devices which they intended for legal purposes, but which have the incidental effect of circumventing copyright protection systems."[11] Accordingly, the White Paper proposed the adoption of an innocent infringer provision, whereby a court could reduce damages if the violator proves that it "was not aware and had no reason to believe that its actions constituted a violation."

On September 28, 1995, the White Paper's legislative proposals, including the anticopy circumvention language embodied as a new Section 1201 to the Copyright Act, were introduced in both the House and the Senate. At a November 15, 1995, joint Senate Judiciary Committee/House Intellectual Property Subcommittee hearing on the legislation, Marybeth Peters, the Register of Copyrights, specifically addressed proposed Section 1201. She noted that "the Copyright Office supports the concept of outlawing devices or services that defeat copyright protection systems."[12]

Nonetheless, she expressed concerns about the "breadth of the language of Section 120[1] as drafted."[13] With respect to the "primary purpose" test, Register Peters observed that "'purpose' is often difficult to prove, and which of several potential purposes is 'primary' may not be evident."[14] Similarly, with respect to the "primary effect" test, she said that "it is possible that a device intended for entirely legitimate purposes may be put to use primarily to defeat copyright protection

[11] *Id.* at 233.

[12] Statement of Marybeth Peters, Nov. 15, 1995, at 24.

[13] *Id.* at 25.

[14] *Id*.

technology, or that some unrelated function of a device may unintentionally interfere with such technology."[15] Although she acknowledged the "innocent violation" defense, she preferred "to define the offense so as not to potentially sweep within its scope legitimate business behavior."[16]

Notwithstanding her concern that Section 1201 as drafted could restrict legitimate business behavior, Register Peters agreed with the White Paper in its rejection of the argument that Section 1201 was flawed because it could restrict legitimate copying such as disassembly: "It has always been a fundamental principle of copyright law that the copyright owner has no obligation to make his work available to the public."[17] Register Peter's and the White Paper's analysis on this point, however, appears misdirected, as an examination of their examples reveals. The White Paper notes that a museum can require an entry fee and prohibit the taking of photographs of a displayed painting. The White Paper neglects to mention, however, that the museum does not own the copyright in the painting, just the work itself. The museum's ability to charge an entry fee and prohibit photography is not a function of federal copyright law, but state property and contract law. The White Paper provides no explanation why the Copyright Act should be amended to improve enforcement of rights under state property and contract law.

Register Peter's example involves an author who chooses to keep his work locked in his office. To be sure, it would be unlawful for a would-be fair user to

[15] *Id*.

[16] *Id*.

[17] *Id*. At 26.

break into the office to gain access to the work; the violation, however, would not be of the federal Copyright Act, but of the state penal code, which criminalizes breaking and entering, and of state property law, which prohibits trespass. In short, while copyright law traditionally does not require access, it does not prevent access either. Rather, access is prevented by state law.

Both the White Paper and the Register's testimony indicate dissatisfaction with the contributory infringement standard articulated in *Sony Corp. v. Universal City Studio, Inc.*, 464 U.S. 417, 442 (1984), and seek a less lenient standard in Section 1201. The irony of this approach is that it would impose a tighter standard on anticopy circumvention devices than on copying devices themselves. Under *Sony*, a copying device does not contribute to copyright infringement if it has a substantial non-infringing use. In contrast, under Section 1201 an anticopy circumvention device incurs liability even if it has a substantial non-infringing use, so long as the "primary purpose or effect" of the device is ultimately unlawful. Arguably, anticopy circumvention devices should be held to a lower standard than copying devices. It is the copying device, after all, that is causing the real injury, not the anticopy circumvention device.

C. The Road Ahead

As noted above, the Administration is advancing the anticopy circumvention provision in the World Intellectual Property Organization as well as in Congress. At the November 15, 1995 Joint Hearing, however, Senator Hatch made it clear that he did not want the Berne Protocol process to preempt in any

way Congress' consideration of the pending legislation. Further, in his statement introducing S. 1284, Senator Hatch emphasized that the bill in its present form was just the "starting point" of an in-depth deliberative process. Section 1201 as drafted is challenged not only by interoperable software developers, but also by the consumer electronics industry. Manufacturers of products such as video cassette recorders and tape decks contend that anticopy technologies often degrade the quality of works delivered to consumers, so that disablement might be appropriate in certain instances. They also note that Section 1201 would impose liability for currently legitimate products on the market, thereby preventing sale of existing equipment. Further, they assert that circuits designed to implement one copy protection system could defeat another. The consumer electronics industry believes that an anticopy circumvention provision will have serious unintended consequences if it does not contain detailed technical standards as does the Audio Home Recording Act.

In addition to these commercial interests, questions have been raised by associations of librarians and educators who fear that Section 1201 will inhibit fair use and access to products that have entered the public domain. For example, Section 1201 will impede access to a work stored on a copy-protected CD-ROM whose copyright term has expired.

In the face of all these interests, it is likely that Section 1201 will be amended as the NII Copyright Protection Act advances. Indeed, at a February 7-8,

1996 hearing of the House Intellectual Property Subcommittee on H.R. 2441, Congressman Moorhead, Goodlatte, and Boucher all expressed concern about the potential overbreadth of Section 1201. Congressman Boucher in particular questioned the need to depart from the *Sony* standard. Further, Chairman Moorhead, in written questions for a panel that contained witnesses critical of Section 1201 (Edward Black of the Computer & Communications Industry Association and David Ostfeld of the Institute of Electrical and Electronics Engineers), suggested replacing the "primary purpose or effect" test with a "primary purpose" test. Although this does not solve all the problem identified above, it represents a substantial improvement because it focuses on the developer's intent rather than on subsequent uses beyond his control.

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