

No. 04-1118

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In The  
**United States Court of Appeals**  
For The Federal Circuit

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THE CHAMBERLAIN GROUP, INC.,

*Plaintiff-Appellant,*

v.

SKYLINK TECHNOLOGIES, INC.,

*Defendant-Appellee.*

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Appeal from the United States District Court for the Northern  
District of Illinois in Case No. 02-CV-6376, Judge Rebecca R. Pallmeyer

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**REPLY BRIEF OF PLAINTIFF-APPELLANT,  
THE CHAMBERLAIN GROUP, INC.**

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## TABLE OF ABBREVIATIONS

<u>Abbreviation</u>	<u>Explanation</u>
DMCA	Digital Millennium Copyright Act.
GDO	Garage Door Opener.
ITC	International Trade Commission.
DVD	Digital Versatile Disk.
CSS	Content Scramble System.

## I. INTRODUCTION

Contrary to the assertions in Appellee's brief, this is *not* an action about what Skylink's customers may do with Skylink's products. This *is* an action about Skylink's liability for trafficking in its universal transmitters, *i.e.*, transmitters that contain software that circumvents Chamberlain's rolling code technological measure to gain access to Chamberlain's copyrighted garage door operating software. The DMCA makes it a violation to "offer to the public" or to "traffic" in such rolling code circumvention software. Thus, Skylink's liability arises regardless of whether anybody actually buys or uses its transmitters.

Skylink does not dispute any relevant aspect of Chamberlain's description of how the rolling code software works, what it does, or how it protects Chamberlain's operating software. Instead, Skylink's entire argument in its brief is an attempt to deflect this Court from Skylink's trafficking in a circumventing transmitter. Skylink's argument, that it may freely traffic in circumventing equipment because consumers of access-protected software are authorized to use such software, is contrary to the holdings of many courts. *See Universal City Studios v. Reimerdes*, 111 F. Supp. 2d 294 (S.D.N.Y. 2000); *Universal City Studios v. Corley*, 273 F.3d 429 (2d Cir. 2001); *321 Studios v.*



*Metro Goldwyn Mayer Studios, Inc.*, 2004 U.S. Dist. LEXIS 2771 (N.D. Cal. Feb. 19, 2004); *Paramount Pictures Corp. v. 321 Studios*, 2004 U.S. Dist. LEXIS 3306 (S.D.N.Y. Mar. 3, 2004); and *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 253 F.Supp.2d 943 (E.D.Ky. 2003). Skylink mischaracterizes these cases to support its conclusions or does not address them.

Skylink's argument that its transmitters do not circumvent a technological measure rests on the erroneous premise that it is authorized to circumvent because people who buy or use Chamberlain's garage door openers ("GDOs") have the authority of the copyright holder, Chamberlain, to access the operating software in the GDOs in any manner they choose. This argument confuses the authority given to the user to access the software to operate the GDOs with the (lack of) authority to circumvent the rolling security measure protecting access to such software. The "authority of the copyright holder," here Chamberlain, that is necessary under the anti-trafficking provision §1201(a)(2) of the DMCA (and which Skylink lacks) is the authority given by Chamberlain to *circumvent* the rolling code technological measure. Neither Skylink nor its customers have received such authorization from Chamberlain.

Skylink does not dispute that it has not received authority to circumvent, either expressly or implied, from either Chamberlain or Chamberlain's

customers. Skylink has failed to prove that its customers have been authorized by Chamberlain to circumvent Chamberlain's rolling code technological measure. Skylink must prove the existence of an express or implied license to circumvent Chamberlain's technological measure, which it failed to do. At best, Skylink has argued only that Chamberlain sold its rolling code-protected GDOs without expressly prohibiting circumvention by the user. Silence under these circumstances, however, should not be equated with authorization to circumvent a technological measure under the DMCA.

## **II. SKYLINK'S INTERPRETATION OF THE DMCA IS NOT SUPPORTED BY THE STATUTE OR BY CASE LAW**

### **A. The Statute Does Not Impose Derivative Liability**

Skylink violates §1201(a)(2) by "traffic[ing]," "offer[ing] to the public," or "manufactur[ing]" its rolling code circumvention software. However, Skylink argues that §1201(a)(2) imposes derivative liability. (Appellee's brief at 16-18.) Contrary to Skylink's argument, *there is no requirement under §1202(a)(2) that anyone ever buy the circumventing product or use it in any way.* In enacting §1201(a)(2), Congress was concerned with harm caused by trafficking in circumvention products as distinct from harm caused by user

conduct. The DMCA clearly demarcates the trafficker's liability for circumvention (e.g., §1202(a)(2)) from the user's liability (e.g., §1201(a)(1)).<sup>1</sup>

In conflating trafficker liability and user liability, Skylink argues that if it is violating the DMCA then so are Chamberlain's customers. (Appellee's brief at 22-24.) This analysis is inconsistent with the Second Circuit's construction of the DMCA in *Corley*, discussed below. More significantly, however, this argument is hypothetical and irrelevant. This lawsuit does not involve any customer liability. The DMCA contains no provision for derivative liability, and user liability is not a prerequisite to trafficker liability under the DMCA.

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<sup>1</sup> Other DMCA sections recognize the statutory distinction between user liability and trafficker liability. Skylink acknowledges that the Librarian of Congress is authorized to promulgate exemptions for acts of circumvention by users, not for trafficking. (Appellee's brief at 49-50.) Skylink argues that three statutory exemptions addressed by Chamberlain in its opening brief apply not only to traffickers but also apply to users. (Appellee's brief at 50.) These three narrow exemptions apply to individuals who develop and provide circumvention technologies for the limited purposes of reverse engineering, encryption research, and security testing. 17 U.S.C. §§1201(f), 1201(g), 1201(j). These sections primarily affect traffickers of circumventing devices, rather than consumers.

**B. Under DMCA Case Law, Authorization To Use Is Not Equivalent To Authorization To Circumvent**

Skylink argues that it is not liable as a trafficker because users have been authorized to access Chamberlain's rolling code-protected software by any means. However, it fails to distinguish the case law which rejects its argument.

**1. Skylink Fails To Distinguish *Universal City Studios, Inc. v. Reimerdes***

In *Reimerdes*, the court held that the plaintiffs did not authorize circumvention of their technological measure, CSS, merely by selling their DVDs to consumers and held that the consumers' authorization to use their rightfully purchased DVDs did not give the trafficker authorization to circumvent the technological measure on the DVDs. 111 F. Supp. 2d at 317 n.137, 318 n.142 (characterizing the argument that "plaintiffs authorize avoidance of CSS by selling their DVDs" as "specious.")

Similar to Skylink's argument here, the "centerpiece of defendants' statutory position" in *Reimerdes* was that the accused circumvention software, DeCSS, was not created for an improper purpose, *i.e.*, "pirating copyrighted motion pictures" by circumventing the CSS technological measure. *Id.* at 319. Instead, the defendants argued that DeCSS was created for the proper purpose of allowing users, who had purchased and therefore rightfully owned DVDs, to

access the DVD content on a Linux operating system. *Id.* The *Reimerdes* court flatly rejected this argument:

[T]he question whether the development of a Linux DVD player motivated those who wrote DeCSS is immaterial to the question whether the defendants now before the Court violated the anti-trafficking provision of the DMCA. The inescapable facts are that (1) CSS is a technological means that effectively controls access to plaintiff's copyrighted works, (2) the one and only function of DeCSS is to circumvent CSS, and (3) defendants offered and provided DeCSS by posting it on their web site. Whether defendants did so in order to infringe, or to permit or encourage others to infringe, copyrighted works in violation of the Copyright Act simply does not matter for purposes of Section 1201(a)(2). *The offering or provision of the program is the prohibited conduct.*

....

*Id.* (emphasis added).

Skylink argues that, under *Reimerdes*, this Court must consider the user's authorization and, if the user is authorized, there can be no liability for the trafficker. (Appellee's brief at 40-41, 43-45.) This argument mischaracterizes *Reimerdes*. In *Reimerdes*, the court found that the trafficker could not avoid liability based on a user's purported right to use a purchased product in any manner he or she pleases. *Id.* at 317 n.137 (characterizing such an argument as "a corruption of the first sale doctrine"). Instead, consistent with Chamberlain's argument, the *Reimerdes* court held that the issue under §1201(a)(2) is whether

the copyright owner authorized bypassing of the technological measure, and held that no such authorization may be implied from unrestricted sales of the DVDs in question. *Id.*<sup>2</sup>

Skylink argues that *Reimerdes* is distinguishable because the possibility of copyright infringement affected the court's analysis of trafficking under the DMCA. (Appellee's brief at 45 n.12.) To the contrary, it is clear from a fair reading of the opinion that the possibility of copyright infringement played no part in the court's finding of a DMCA violation under §1201(a)(2). *Id.* at 322 ("Defendants, however, are not here sued for copyright infringement. They are sued for offering and providing technology designed to circumvent technological measures that control access to copyrighted works and otherwise violating Section 1201(a)(2) of the Act."). In fact, it is well-settled that copyright infringement is completely irrelevant to an analysis of §1201(a)(2). *Lexmark*, 253 F. Supp. 2d at 969 ("The DMCA is clear that the right to protect against unauthorized access is a right separate and distinct from the right to protect against violations of exclusive copyright rights such as reproduction and

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<sup>2</sup> Contrary to Skylink's argument (Appellee's Brief at 61), the facts in *Reimerdes* and *Corley* did not include evidence that DVD purchasers were not authorized to circumvent. Instead, the district and appellate courts found that there was no evidence of such authorization, and therefore held that purchasers were not so authorized. Skylink's argument here is entirely unsupported by the reported decisions in these cases.

distribution.”); *RealNetworks, Inc. v. Streambox, Inc.*, 2000 U.S. Dist. LEXIS 1889, at \*17 (W.D. Wash. Jan. 18, 2000) (plaintiff’s claims “arise under section 1201 of the DMCA, and thus do not constitute copyright ‘infringement’ claims”); *1 Nimmer on Copyright*, §12A.18[B] (§1201 of the DMCA occupies “a niche distinct from copyright infringement” and is removed from the Act’s definition of copyright infringement.)

2. **Skylink Fails To Distinguish *Universal Studios, Inc. v. Corley***

In *Corley*, the Second Circuit affirmed the *Reimerdes* district court decision and held that a trafficker in circumventing devices cannot avoid liability based on consumers’ “right of access” to view DVDs arising from their legal purchase and rightful possession of DVDs. 273 F.3d at 444, 460. The court in *Corley* found that the same consumer “right of access” authorization argument advanced by Skylink was improper in an anti-trafficking analysis. Instead, consistent with Chamberlain’s argument, the court in *Corley* held that, under the *anti-trafficking* provision of the DMCA, the issue is *not* whether the customers had been authorized to “view” their DVDs by any means, but instead, whether the decryption itself by the trafficker was authorized. *Id.* The anti-trafficking provision only “exempts from liability those [traffickers] who would ‘decrypt’ an encrypted DVD with the authority of a copyright owner.” *Id.* at

444. Skylink concedes this authorization analysis in its brief: “In *Corley*, the court found that *DVD purchasers* while authorized to ‘view’ copies of the DVD motion pictures they had purchased, *were not authorized to ‘decrypt’ the encryption software protecting those DVDs.*” (Appellee’s brief at 61) (emphasis added).

Similarly, here, the issue is *not* whether users of Chamberlain’s GDOs have a “right of access” to the operating software in their GDOs. Rather, the issue is whether the trafficker, Skylink, was authorized to circumvent the rolling code security measure guarding access to the software. The anti-trafficking provision only “exempts from liability” those traffickers who would circumvent Chamberlain’s rolling code technological measure with the authority of Chamberlain. As in *Corley*, such authorization cannot be presumed based on Chamberlain’s unrestricted sales of its GDOs.

Skylink argues that *Corley* (and *Reimerdes*) are distinguishable based on Skylink’s assertion that there was evidence in this case that purchasers were authorized to bypass Chamberlain’s rolling code technological measure. (Appellee’s brief at 48, 54-55, 58, 61-62.) However, in *Corley*, the court stated that the purchasers’ authorization to “view” may be relevant to user liability



under anti-circumvention §1201(a)(1), but it is not relevant to trafficking liability under §1201(A)(2). *Id.* at 444 at n.14.

Further, Skylink's distinction is non-existent. In *Corley* and *Reimerdes*, as here, the defendants based their authorization argument on the unrestricted sale to consumers of a product containing a copyrighted work protected by a technological measure. *Corley*, 273 F.3d at 444; *Reimerdes*, 111 F.Supp. 2d at 317. In *Corley* and *Reimerdes*, the product was a DVD; here, the product is Chamberlain's GDO. In *Corley* and *Reimerdes*, manufacturers were granted a license to make DVD players that decrypted the technological measure. *Corley*, 273 F.3d at 437. These licensed manufacturers were therefore exempted from trafficking liability. However, the defendants in *Corley* and *Reimerdes* had not been licensed; they were therefore not exempted from trafficking liability. Importantly, the users of the DVD players (like the users of Chamberlain GDOs here) were not authorized to circumvent the technological measure.

Similarly, there has been no affirmative showing here of the users' alleged "authorization to circumvent." Chamberlain's alleged unrestricted sales of its GDOs do not establish such authority. As in *Corley* and *Reimerdes*, Chamberlain's mere sale of products containing the copyrighted work protected by a technological measure is not proof as a matter of law of granting

authorization to either Skylink or Skylink's customers to circumvent the technological measure.

3. ***321 Studios v. Metro Goldwyn Mayer Studios, Inc.***  
**Supports Chamberlain's Position**

In *321 Studios*, 2004 U.S. Dist. LEXIS 2771, the court agreed with the reasoning in *Corley* and rejected many of the same arguments that Skylink makes here. In *321 Studios*, 321 Studios brought a declaratory judgment action, seeking a declaration that its activities in distributing certain unlicensed software, called DVD Copy Plus and DVD-X-COPY, did not violate the DMCA. *Id.* at \*5. 321 Studios marketed and sold these software products to users to allow the decoding of DVDs that had been encoded with the technological measure known as CSS. *Id.* at \*\*3-5.

The court granted summary judgment in favor of the defendant, Metro Goldwyn Mayer ("MGM"), finding a violation of the DMCA. The court rejected the argument that the decoding was authorized:

***321 responds that it cannot be in violation of §1201(a)(2) because "circumvent" by definition is done without the authority of the copyright holder.... 321 states that it does have the authority of the copyright holder because its product only works on original DVDs, and the purchaser of the DVD has authority of the copyright holder to bypass CSS. This argument was offered and rejected in Corley....This Court agrees with the Corley court that the purchase of a DVD does not give to the purchaser the authority of the copyright holder to decrypt CSS.***

*Id.* at \*\*25-26 (emphasis added). Similarly, here, the purchase of a Chamberlain GDO does not give anyone authority to bypass Chamberlain's rolling code technological measure.

The court also rejected the argument that if *321 Studio's* software violated §1201(a)(2), then other DVD players must also violate §1201(a)(2). *Id.* at \*26. The court stated that *licensed* DVD players do not violate DMCA. *Id.* In contrast, "321's software does not have such a license, and therefore does not have the authority of the copyright owner." *Id.* Similarly, here, Skylink's software does not have a license and does not have the authority of Chamberlain to circumvent the rolling code. *Accord Paramount Pictures Corp. v. 321 Studios*, 2004 U.S. Dist. LEXIS 3306, at \*\*2-3 (S.D.N.Y. Mar. 4, 2004) (following *321 Studios, Reimerdes* and *Corley* and entering preliminary injunction against trafficker of decoding software).

### **III. SKYLINK GROSSLY MISCHARACTERIZES THE PROCEEDINGS BEFORE THE INTERNATIONAL TRADE COMMISSION**

Throughout Skylink's appeal brief, Skylink grossly mischaracterizes the proceedings before the International Trade Commission ("ITC"). (*In re Certain Universal Transmitters for Garage Door Openers*, Investigation No. 337-TA-497.) Skylink falsely and repeatedly asserts that the ITC granted summary

determination on a motion that was identical to the motion for summary judgment at issue in this appeal. (Appellee's Brief at viii, 7-8, 9, 22, 24, 26.) There was, however, no summary determination on the merits of the DMCA issue in the ITC.

Instead, the ITC issued an Initial Determination denying Chamberlain's motion for temporary relief. *In re Certain Universal Transmitters for Garage Door Openers*, 2003 ITC LEXIS 673 (Nov. 4, 2003), affirmed by Commission, Nov. 24, 2003. After denying the request for temporary relief, the ALJ stated that he would permit further discovery and that his findings might change at a hearing on permanent relief where the parties would be allowed to make a more complete record and advance different legal arguments. *Id.* at \*70. Following this Initial Determination, the investigation proceeded.

After the District Court in this case entered its summary judgment, the respondents in the ITC investigation (one of whom is Skylink) filed a motion to terminate the ITC investigation on the basis of the *res judicata* effect of the District Court judgment at issue here. On January 14, 2004, the ITC entered an Initial Determination granting Respondents' motion to terminate based on *res judicata*. *In re Certain Universal Transmitters for Garage Door Openers*, 2004 ITC LEXIS 49 (Jan. 14, 2004), affirmed by Commission, Feb 17, 2004 (petition

for reconsideration pending). Contrary to Skylink's representations, at no time did the ITC grant summary determination on the merits of Chamberlain's DMCA claim. Skylink's mischaracterizations should be disregarded.<sup>3</sup>

#### **IV. SKYLINK FAILED TO PROVE AUTHORIZATION**

##### **A. The Burden Is On Skylink To Prove Either An Express Or Implied Authorization**

Skylink argues that it is authorized to circumvent because Chamberlain's customers have an implied authorization or license to circumvent.<sup>4</sup> Even if derivative authorization from Skylink's customers to Skylink were possible, which Chamberlain denies, Chamberlain's customers do not have such authorization.

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<sup>3</sup> Skylink also argues that the ITC found that Chamberlain had "expressly authorized" its customers to use other companies' transmitters. (Appellee's brief at 11 n.3.) There was no finding of express authorization; there was only argument by Respondents regarding express authorization. *In re Certain Universal Transmitters for Garage Door Openers*, 2003 ITC LEXIS 673, at \*43.

<sup>4</sup> Skylink notes that the existence of an implied license is a question of law. (Appellee's brief at 56 n.15.) This statement does not change the nature of summary judgment or of this Court's review. Summary judgment should only be granted where there is no genuine issue of material fact with all inferences drawn in favor of the non-movant. *Augustine Med., Inc. v. Progressive Dynamics, Inc.*, 194 F.3d 1367, 1370 (Fed. Cir. 1999). Review of an order granting summary judgment is *de novo*. *Id.*

Contrary to Skylink's argument, implied authorizations or licenses are only recognized in rare circumstances. *Wang Labs., Inc. v. Mitsubishi Elec. America, Inc.*, 103 F.3d 1571, 1581 (Fed. Cir. 1997). Although implied license may be based on several different legal theories, such as acquiescence, conduct, equitable estoppel, or legal estoppel, it generally arises based on a course of conduct and statements between two parties where one party has created the impression that it consented to some action by the other party. *AT&T Corp. v. Microsoft Corp.*, 2004 U.S. Dist. LEXIS 1214, at \*13 (S.D.N.Y. Feb. 3, 2004). The existence of an implied license requires that circumstances show that the parties intended to create a licensing relationship. *Wang Labs.*, 103 F.3d at 1582 (affirming jury verdict finding implied license based on statements and course of conduct between parties over six year period where, prior to alleging infringement, the licensor tried to coax the licensee into the relevant market; provided designs, suggestions and samples to the licensee; and started purchasing the allegedly infringing product from the licensee).

Skylink argues that a finding of an implied license is also proper where there is evidence of an unrestricted sale. (Appellee's brief at 56 & 60 n.17.) Skylink, however, cites cases involving the "first sale" or "patent exhaustion" doctrine in patent law, which generally allows use of a product without liability

for patent infringement following authorized sale of the product. *Jazz Photo Corp. v. ITC*, 264 F.3d 1094, 1105 (Fed. Cir. 2001). However, as discussed above, the “first sale” doctrine is inconsistent with the DMCA. *See Reimerdes*, 111 F.Supp.2d 317 n.137 (rejecting application of the first sale doctrine to the DMCA). Application of the first sale doctrine would allow unfettered circumvention of a product once it is sold, despite the apparent protections of the DMCA.

Skylink argues that a finding that Skylink is not authorized to circumvent would result in a finding that its customers are not authorized to circumvent and therefore the customers would be potentially liable under the DMCA. (Appellee’s brief at 37-43.) Skylink’s argument is essentially a “fair use” argument that users are entitled to make use of their copyrighted works regardless of any restriction under the DMCA. This argument is unfounded, hypothetical and irrelevant. This action involves trafficker liability under §1201(a)(2), not user liability under §1201(a)(1). In any event, fair use was considered and rejected by the drafters of the DMCA. *See Reimerdes*, 111 F.Supp.2d at 322 (“Access control measures such as CSS do involve some risk at preventing lawful as well as unlawful uses of copyrighted material....If

Congress had meant the fair use defense to apply to such actions, it would have said so.”)

**B. Mere Silence Is Not An Implied Authorization**

In this case, the evidence presented by Skylink in the District Court (and argued by Skylink in this appeal) as to the authorization of the purchaser to circumvent amounts to little more than Chamberlain’s allegedly unrestricted sale of its GDOs containing its copyrighted operating software to purchasers. At most, this sale impliedly authorized the purchaser to use the GDO to open the garage door, in accordance with the accompanying operating instructions in the owner’s manual. Clearly, there was no instruction and therefore no implied authorization to the customer to bypass the rolling code technological measure in the purchased GDO. Chamberlain’s silence as to such authorization is not authorization.

Skylink’s proffered “evidence” that allegedly proves implied authorization to circumvent as a matter of law consists of the following: (1) no express prohibition by Chamberlain on the use of Skylink transmitters to circumvent Chamberlain’s technological measure; (2) Chamberlain’s alleged knowledge that customers will need additional or replacement transmitters made by others that bypass Chamberlain’s technological measure; (3) a purchaser’s



ability to store Skylink's transmitter identification codes, which are part of Skylink's circumventing measure, in the memory of a Chamberlain GDO; and (4) Chamberlain's own sale of universal transmitters, which do not bypass any technical measure of the GDOs manufactured by other companies. (Appellee's brief at 20-21.)

The first ground has been rejected by *Corley* and *Reimerdes*, which hold that unrestricted sales of a product do not establish an implied authorization to traffic in a circumventing device. (See Section II.B.)

Skylink's second ground does not support a finding of an implied authorization to circumvent. Here, Chamberlain did not know or anticipate that its rolling code technological measure could be bypassed by Skylink, and, to Chamberlain's knowledge, it had never been done prior to Skylink's transmitters. (A5307.) In fact, Chamberlain intended and expected that purchasers of GDOs would use additional and replacement transmitters that did not bypass its rolling code technological measure. (A5188-89; 5307.) Chamberlain was not required to predict that additional or replacement universal transmitters which circumvent the rolling code security measure might be developed after the sale of its rolling code-protected GDOs.

Next, Skylink argues that the ability of its universal transmitters to store identification codes, which are part of the Skylink circumventing measure, in Chamberlain's GDOs shows an implied authorization to bypass. The fact that Skylink designed its universal transmitters to be able to circumvent Chamberlain's GDOs provides no support for an implied authorization. Skylink's own circumventing conduct does not create an implied authorization between Chamberlain and users of Chamberlain's GDOs.

Lastly, Skylink argues that Chamberlain's universal transmitters show the existence of an implied authorization. However, Chamberlain's universal transmitters operate Chamberlain rolling code-protected GDOs but do not operate the rolling code-protected GDOs of other manufacturers. (A2864-65; 5204-05.) Therefore, they do not circumvent anyone's rolling code technological measure. In contrast, Skylink's universal transmitters are designed and marketed<sup>5</sup> for use with the rolling code GDOs of Chamberlain and other manufacturers. Thus, only Skylink's universal transmitters bypass the rolling code technological measure, and Chamberlain's universal transmitters

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<sup>5</sup> Skylink does not dispute that its universal transmitters are marketed for use with Chamberlain's GDOs. Although Skylink refers to the dismissal of Chamberlain's false advertising claim in its brief, it fails to point out that this claim was dismissed after Skylink agreed to change its advertising. (Appellee's brief at 51 n.14.)

are irrelevant to the issue of whether Chamberlain has granted an implied authorization to bypass its rolling code technological measure.

Skylink has not even come close to meeting its burden of proving an implied authorization to circumvent as a matter of law, and the District Court should have denied summary judgment for this reason alone. In any event, Skylink's evidence at least raises a genuine issue of material fact sufficient to deny summary judgment. Further, Chamberlain offered additional evidence showing an issue of material fact,<sup>6</sup> including (1) the declaration of Mark Tone, the Executive Vice President-Administration, averring that no one was authorized to circumvent Chamberlain's rolling code technological measure (A5188-89); (2) evidence describing how Skylink's universal transmitters circumvent Chamberlain's rolling code protective measure and the danger of

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<sup>6</sup> Skylink argues that certain of Chamberlain's evidence is inadmissible. (Appellee's brief at 35.) Skylink raised these evidentiary objections in the District Court in a motion to strike (A5381-86) and Chamberlain responded, demonstrating that under Seventh Circuit law, the documents in question should be considered even if not authenticated. (A5503-04.) *Eisenstadt v. Centel Corp.*, 113 F.3d 738, 742 (7th Cir. 1997); *Winskunas v. Birnbaum*, 23 F.3d 1264, 1267-68 (7th Cir. 1994); *Erickson v. Baxter Healthcare, Inc.*, 151 F.Supp.2d 952, 962 (N.D.Ill. 2001). After considering Chamberlain's response to the motion to strike (A5502-32), the District Court denied Skylink's motion. More specifically, the court either overruled the parties' objections to each other's Rule 56.1 statements and exhibits or denied their objections as moot. (A4 at n.2.) The court acted within its discretion in denying Skylink's motion to strike.

code-grabbing by third parties (A5203-07; 5287-5304; 5307);<sup>7</sup> (3) Chamberlain GDO owners' manuals, which discuss use of Chamberlain transmitters only as replacements (A5211-86); and (4) Chamberlain's warranties, which do not extend to unauthorized transmitters (A5250; A5286). Although Skylink argues that these owners' manuals and warranties do not expressly prohibit purchasers from using Skylink's transmitters, they support a reasonable inference that Chamberlain intended or expected purchasers to use Chamberlain's transmitters. The owners' manuals and warranties certainly do not support an implied authorization to circumvent Chamberlain's rolling code protective measure.

Thus, the evidence supports a finding that Chamberlain did not provide implied authorization to GDO users to circumvent Chamberlain's rolling code technological measure. Skylink has not met its burden of proving, as a matter of law, that it has an implied authorization to circumvent Chamberlain's

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<sup>7</sup> Skylink argues that none of the evidence cited by Chamberlain regarding rolling code GDOs and "code grabbing" was submitted to the District Court in opposition to Skylink's motion for summary judgment. (Appellee's brief at 5 n.2 & 34.) This is simply untrue. In fact, *all* of the evidence on these issues discussed in this paragraph was submitted in opposition to Skylink's motion for summary judgment. In addition, other evidence was submitted in support of Chamberlain's motion for summary judgment on the DMCA issue (A2414-15; 3103-21; 3130-31; 3209-15; 3230-74; 3277; 3287; 3308). The District Court considered this evidence in ruling on the DMCA issue and assumed the reader's familiarity with its earlier opinion denying Chamberlain's motion for summary judgment. (A4.)

technological measure. At a minimum, there are genuine issues of material fact based on reasonable inferences that must be drawn in Chamberlain's favor, making summary judgment inappropriate.

**V. THE ADDITIONAL GROUNDS RAISED BY SKYLINK DO NOT SUPPORT AFFIRMANCE**

Apparently realizing that the language of the DMCA and the case law do not support the reasoning of the District Court, Skylink raises three additional grounds. None of these grounds support affirmance.

**A. Skylink's Universal Transmitters Circumvent Chamberlain's Technological Measure**

Skylink argues that its universal transmitters do not bypass Chamberlain's technological measure because they repeatedly activate the resynchronization feature of Chamberlain's GDOs. (Appellee's brief at 64-67.) The resynchronization feature is present in the rolling code software solely for the purpose of allowing a legitimate transmitter, functioning in its ordinary course of operation by transmitting ever-changing rolling codes in sequence, to continue to operate the GDO in the unlikely event that the transmitter and receiver get out of synch. (A22; A83-86; A2390-92; A5205-06.) It is activated by a transmitter sending two new rolling code signals which are in sequence and outside of the forward and rear windows. (*Id.*) A Chamberlain GDO rolling

code transmitter, used in its intended manner, does not send the same three rolling code signals repeatedly like Skylink's transmitter. (A20-22; A2390-92; A5203-07.) However, Skylink's transmission of the *same three* fixed codes over and over does not use the rolling code protective software in the ordinary course of its operation but instead clearly circumvents the rolling code technological measure. (A27; A5205-06.) Thus, a Skylink transmitter defeats the entire purpose of rolling codes and such use is not in the manner intended by the manufacturer, Chamberlain. (A27; A5205-06.)

Skylink argues that its exploitation of the resynchronization feature is not circumvention because it is analogous to the use of a password to access password-protected material on a website—behavior found not to be circumvention, even though in violation of a third-party contract, in *IMS Inquiry Management Sys., Ltd. v. Berkshire Information Sys., Inc.*, 2004 U.S. Dist. LEXIS 2673 (S.D.N.Y. Feb. 23, 2004). (Appellee's Brief at 65.) The analogy fails. The court in *IMS* found that the defendant had confronted the plaintiff's password control system "in the way precisely intended" by using a plaintiff-generated password. *IMS*, 2004 U.S. Dist. LEXIS 2673, at \*\*30-31. Skylink's transmitters do not confront Chamberlain GDO receivers "in the way precisely intended" or in any manner like the way intended.

The DMCA legislative history shows that the drafters intended to reject this very argument,

For example, if unauthorized access to a copyrighted work is effectively prevented through use of a password, it would be a violation of this section to defeat or bypass the password and to make the means to do so, as long as the primary purpose of the means was to perform this kind of act. ***This is roughly analogous to making it illegal to break into a house using a tool, the primary purpose of which is to break into houses.*** (Emphasis added.)

Senate Comm. On the Judiciary, The Digital Millennium Copyright Act of 1998, S.Rep. No. 105-190 at 11 (1998), reprinted in *Nimmer on Copyrights*, §CR1:4 at 13.

Additionally, the holding in *IMS* is inconsistent with the holding in *321 Studios*, 2004 U.S. Dist. LEXIS 2771. In *321Studios*, the defendant asserted that “its software does not violate §1201(b)(2) because the software does not ‘circumvent’ encryption,” but rather makes use of an authorized decryption key. *Id.* at \*\*30-31. The court rejected that argument and found that the unauthorized use of an authorized decryption key to access CSS-encrypted content on DVDs *does* avoid and bypass the CSS technological protection measure and thus incurs liability under the DMCA. *Id.* at \*31. Similarly, Skylink’s unauthorized use of the resynchronization feature of the rolling code software must incur liability under the DMCA.

Skylink's resynchronization feature argument is a variation on the argument that the encryption scheme is not perfect, it can be bypassed, and therefore it is not a technological measure that effectively controls access to a copyrighted work. This sort of argument has been repeatedly rejected. *See, e.g., Reimerdes*, 111 F. Supp. 2d at 317 (characterizing such an argument as "indefensible as a matter of law"); *RealNetworks*, 2000 U.S. Dist. LEXIS 1889, at \*24 (rejecting an argument that the availability of other means of access negates the effectiveness of a protection measure).

Further, Skylink's universal transmitters' use of the *same three* rolling codes each time they are operated not only bypasses Chamberlain's rolling code technological protection measure, but also *impairs* it. Under the DMCA, "to circumvent a technological measure" includes to impair that measure. §1201(a)(3)(A). By repeatedly transmitting the same three fixed codes, Skylink's universal transmitters render Chamberlain GDOs susceptible to code grabbing and thus defeat the protection that Chamberlain designed into the rolling code system and that homeowners expect when they buy a Chamberlain rolling code GDO. (A5204; 5206-07; 5290-94.)



**B. The Rolling Code Feature Is A “Technological Measure That Effectively Controls Access To A Work”**

Skylink argues that the “technological measure” in Chamberlain’s GDOs is the fixed identification code, not the rolling code system. Thus, Skylink argues that, because the rolling code is not a technological measure, any circumvention of rolling code does not violate the DMCA. Skylink’s argument fails because: (1) the fixed identification code and rolling code security measure operate interdependently and are part of one “technological measure” within the meaning of the statute; and (2) even if they are treated as separate measures, each is a “technological measure” within the meaning of the statute because each is required to access Chamberlain’s copyrighted operating programs.

Section 1201(a)(3)(B) defines a “technological measure that effectively controls access to a work” as:

A technological measure “effectively controls access to a work” if 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.

§1201(a)(3)(B) (emphasis added). The focus of the statutory definition is on the ordinary course of operation of the measure.

There is no real dispute regarding the ordinary course of operation of Chamberlain’s security measure. In the ordinary course of operation, receipt of

a scrambled signal containing the proper fixed identification code and the proper rolling code are *both* required to gain access to the copyrighted operating program in the GDO, *i.e.*, to make use of the program. Contrary to Skylink's argument, the operation of the fixed identification code security measure and the rolling code security measure are interdependent. (A83-86; A5203-04.)

The rolling code security measure, in normal use, is a layer of access control, in addition to the identification code security measure, that prevents unauthorized access to and use of the software that controls the GDO. Thus, the submission of the correct identification code, by itself, will not enable access to and operation of such software. (A20-22; A83-86; A5203-07.) Thus, without receipt of both the fixed identification code and the rolling code, Chamberlain's copyrighted operating program will not execute and will not cause the GDO to operate and open or close the garage door. Each is a *necessary but not sufficient* requirement for operation of the computer program. Accordingly, both the fixed identification code and the rolling code are part of the technological measure. (A20-22; A56-57; A5203-07.)

Skylink also argues that the rolling code feature is not a "technological measure" because Chamberlain's copyrighted program will execute sometimes even when an "improper" rolling code and a proper fixed identification code are

transmitted, *i.e.*, when Skylink circumvents the Chamberlain technological measure by taking advantage of Chamberlain's resynchronization feature. In effect, Skylink uses the fact that it circumvents Chamberlain's rolling code measure to justify its argument that the rolling code feature is not a technological measure in the first place.

However, in determining whether something is a "technological measure," the focus is on the ordinary course of the measure's operation. Chamberlain's rolling code system is a "technological measure" because, in the ordinary course of operation of the system, it requires the application of information and the application of a process, *i.e.*, transmission of a previously-learned fixed identification code and a rolling code in the forward window for that transmitter, to access and use the copyrighted software that operates the GDO. Resynchronization is not the ordinary course of operation of Chamberlain's rolling code system. The fact that, in rare circumstances, Chamberlain's transmitters may send transmissions that result in the resynchronization does not change the general nature of Chamberlain's security measure.

Skylink's argument (if accepted) seriously undermines the protections of the DMCA by using the ability to circumvent a measure to limit the scope of coverage of the DMCA. It has been expressly rejected in other cases:

Streambox also argues that the VCR does not violate the DMCA because the Copy Switch that it avoids does not “effectively protect” against the unauthorized copying of copyrighted works as required by §1201(a)(3)(B). Streambox claims this “effective” protection is lacking because an enterprising end-user could potentially use other means to record streaming audio content as it is played by the end-user’s computer speakers. This argument fails because the Copy Switch, *in the ordinary course of its operation* when it is on, restricts and limits the ability of people to make perfect digital copies of a copyrighted work. The Copy Switch therefore constitutes a technological measure that effectively protects a copyright owner’s rights under section 1201(a)(3)(B).

*RealNetworks*, 2000 U.S. Dist. LEXIS 1889, at \*\*23-24 (emphasis added); *see also Reimerdes*, 111 F. Supp. 2d at 317-18 wherein the court stated,

Finally, the interpretation of the phrase “effectively controls access” offered by defendants at trial—viz., that the use of the word “effectively” means that the statute protects only successful or efficacious technological means of controlling access—would gut the statute if it were adopted. If a technological means of access control is circumvented, it is, in common parlance, ineffective. Yet defendants’ construction, if adopted, would limit the application of the statute to access control measures that thwart circumvention, but withhold protection for those measures that can be circumvented. In other words, defendants would have the Court construe the statute to offer protection where none is needed but to withhold protection precisely where protection is essential. The Court declines to do so.

Here, Chamberlain’s rolling code security measure, in the ordinary course of its operation, restricts and limits the ability of people to access the copyrighted software that operates Chamberlain’s GDOs, and is therefore a “technological measure that effectively controls access to a work.”

**C. Chamberlain's Copyright-Registered Computer Software Is A Work Protected Under The Copyright Act**

Skylink argues that Chamberlain's "internal software processes" are not works "protected under this title," and therefore the DMCA does not apply here. (Appellee's brief at 69-73.) The Court should not consider this argument because it was not raised by Skylink or addressed by the District Court in granting Skylink's motion for summary judgment. *Glaxo Group Ltd. v. Torpharm*, 153 F.3d 1366, 1371 (Fed. Cir. 1998). In any event, Skylink's argument completely fails to recognize the critical fact that Chamberlain's "internal software processes" are controlled by "software protected under this title," which is contained within Chamberlain's rolling code GDOs. In order to operate Chamberlain's rolling code GDOs, a user must gain access to copyrighted operating software by activating a transmitter that sends a code that is read by that software and then triggers the software to activate the GDO.

Skylink's argument impermissibly treats the protectable operating software in Chamberlain's GDOs as being indistinguishable from the unprotectable process that it performs. This argument is contrary to well-established law that software, including operating system software, is copyrightable even if the process it performs is not protected by copyright. *See Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1249-54 (3rd

Cir. 1983). Further, numerous courts have applied the DMCA to computer software protected by a technological measure. *See Corley*, 273 F.3d 429; *Lexmark* 253 F.Supp.2d 943; *Sony Computer Entertainment America Inc. v. Gamemasters*, 87 F.Supp.2d 976, 987 (N.D. Cal. 1999).

Skylink's argument is also refuted by a plain reading of the statutory language of §1201(a)(2) which prohibits "circumventing a security measure that effectively controls access to a work protected under this title." The meaning of "access" to a "work protected under this title" should be interpreted according to its ordinary meaning. (Appellant's opening brief at 20.)

Thus, the DMCA governs "access" to a protected work, here rolling code software, even if the work is used to perform a process not protected by copyright. Contrary to Skylink's argument, the DMCA does not purport to define "access" as being limited to the exercise of one of the exclusive rights of copyright, *i.e.* the rights of reproduction, publication, etc. under 17 U.S.C. §106. Instead, the plain meaning of "access" includes gaining access to use the protected work. As stated in *Lexmark*,

Lexmark's authentication sequence effectively "controls access" to the Toner Loading Programs and the Printer Engine Program because it controls the consumer's ability to make use of these programs. *See GameMasters*, 87 F. Supp. 2d at 987 (Sony's PlayStation console contained a technological measure that

controlled a consumer's ability to make use of copyrighted computer programs).

*Lexmark*, 253 F.Supp.2d at 961.<sup>8</sup> Here, Skylink's transmitter clearly gains access to the copyrighted operating software in Chamberlain's GDOs to use that software to operate the GDOs.

## VI. CONCLUSION

For the foregoing reasons, this Court should vacate the summary judgment of the District Court and remand for further proceedings.

Respectfully submitted,

FITCH, EVEN, TABIN & FLANNERY

Date: April 15, 2004



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<sup>8</sup> Skylink concedes that its argument is inconsistent with the decision in *Lexmark*. (Appellee's brief at 72 n.19.)

CERTIFICATE OF SERVICE

This will certify that the original and twelve (12) copies of the foregoing  
REPLY BRIEF OF PLAINTIFF-APPELLANT were served on April 15, 2004,  
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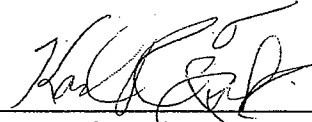
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CERTIFICATE OF COMPLIANCE

Counsel certifies that this Brief complies with the type-volume limitation of Fed.R.App.P. 32(a)(7)(B) because this brief contains 6804 words, excluding the parts of the brief exempted by Fed.R.App.P. 32(a)(7)(B)(iii).

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Date: April 15, 2004

