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## Intellectual Property - Copyright Case - Additional Developments

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## ADDITIONAL DEVELOPMENTS—COPYRIGHT

### *UNITED STATES V. ELCOM LTD.*

*203 F. Supp. 2d 1111 (N.D. Cal. 2002)*

Last year, the district court denied Elcomsoft's motions to dismiss its indictment for violations of the Digital Millennium Copyright Act (DMCA). A jury subsequently found Elcomsoft not guilty of violating the DMCA in the first-ever criminal application of the anti-circumvention provisions of the 1998 law.

Adobe Systems produces the Adobe Acrobat e-Book Reader, a product which allows books to be read in a digital format. The resulting Adobe e-Book format allows publishers to determine the readers' ability to loan, copy, and print the book. Defendant Elcomsoft authored the Advanced e-Book Processor, a product which allows individuals with an e-Book to strip the publisher-imposed restrictions and convert it to PDF format, thus giving the readers the ability to print, e-mail, copy, or otherwise distribute the book.

The DMCA, enacted in October 1998, has several anti-circumvention prohibitions, including both access restrictions (§ 1201(a)) and use restrictions (§ 1201(b)). Elcomsoft was indicted with four counts of violating the DMCA anti-circumvention provisions, as well as aiding and abetting circumvention offenses. Elcomsoft asserted that the DMCA is impermissibly vague and filed several motions to dismiss the indictment on constitutional grounds.

The court ruled that the DMCA anti-circumvention provisions are not unconstitutionally vague. Defendant argued that the DMCA did not ban all circumvention tools because Congress intended to protect fair use, but the DMCA did not provide adequate notice as to which tools were banned and therefore violated the Due Process Clause of the Fifth Amendment. The court found that the DMCA bans all circumvention tools, but in § 1201(c), it expressly disavows any intention to affect fair use. The court stated that the right of fair use coexists with circumvention provisions, though some fair use of digital works may be more difficult to engage in due to a lack of circumvention tools.

The court also upheld the constitutionality of the DMCA on First Amendment grounds. It found that computer software is expression that is protected under the First Amendment. The court stated that since Congress intended to ban what the computer code does and not what it says, the DMCA's restrictions on fair use is content neutral. As such, the DMCA is subject to intermediate scrutiny. The court held the DMCA's restrictions were not overbroad: they did not go beyond what was necessary to achieve the legitimate governmental interests of promoting electronic commerce and preventing electronic copyright piracy, they did not regulate spoken words or expressive conduct, nor they did not impair the First Amendment rights of third parties. Finally, the court held that Congress had the authority to enact the DMCA under the Intellectual Property Clause and the Commerce Clause.

After deciding on all grounds that the DMCA is constitutional, the court dismissed the defendant's motion to dismiss. The jury returned a not-guilty verdict on the indictment against Elcomsoft. The jury also found that the company did not meet the willfulness standard required by the Act's criminal law provisions for conviction.

***KELLY V. ARRIBA SOFT CORP.***

*336 F.3d 811 (9th Cir. 2003), superseding, 280 F.3d 934 (9th Cir. 2002)*

In the original disposition of the case, the Ninth Circuit held a firm's creation of small "thumbnails" of the photographer Kelly's copyrighted images for use in its visual search engine constituted fair use. The court further held, however, that the visual search engine's unauthorized "inline linking and framing" of images residing on the Kelly's website violated Kelly's right of public display. On July 7, 2003, the court withdrew its original opinion in the case and issued a revised opinion that supersedes the original.

While the revised opinion does not alter the court's holding that Arriba Soft's display of "thumbnail" images constitutes transformative fair use, its discussion of Arriba Soft's "inline linking and framing"—including a misinformed discussion of hyperlinking—has been wholly excised. For a full discussion of the technology and methods at issue, see Mathew C. Staples, Note, *Kelly v. Arriba Soft Corp.*, 18 BERKELEY TECH. L.J. 69 (2003). Upon consideration of supplemental briefs requested after its initial decision, the Ninth Circuit realized the district judge had impermissibly broadened the scope of the parties' cross-motions for summary judgment. Citing these two errors, the Ninth Circuit reversed the district court's grant of summary judgment to Kelly regarding the full-size images, and it remanded for further proceedings on the right of public display issues.

The excision of the former opinion's language concerning "inline linking and framing" has great significance for linking law in the Ninth Circuit. The initial decision had aroused the concern of some who thought the court's former condemnation of "inline linking and framing" might potentially be extended to all forms of hyperlinking.

The effects of the court's revisions might appear straightforward: by retracting its proscription of "inline linking and framing," the Ninth Circuit seems to have assuaged the fears of those who felt the court's prior opinion might be read to proscribe some or all forms of Internet hyperlinking. The Ninth Circuit never explicitly acknowledged its previous error in technological interpretation, however, and there is no assurance the Ninth Circuit would rule any differently if it again confronts the issue on appeal. This certainly could happen, since Kelly may still assert an infringement of his display right on remand. All told, the law of copyright infringement for hyperlinking is still unsettled in the Ninth Circuit.

### *STATE SUPER-DMCA LAWS*

As part of its ongoing attempt to protect the film industry from piracy, the Motion Picture Association of America (“MPAA”) has been encouraging states to adopt “Super-DMCA” legislation. Several states have already adopted versions of the Super-DMCA legislation, and other states are considering similar bills. These laws raise questions about the future development of many new technologies related to the communication industries. The real meaning and effect of these laws have yet to be tested in courts.

Most bills are fashioned after the MPAA’s model bill. The majority of proposed bills provide criminal penalties for the development, use, possession, and distribution of “unlawful communication and access devices.” The MPAA model bill criminalizes possession, use, development, or distribution of a communication device to steal a communication service without the consent of the service provider. Criminal penalties also apply to the use, development, or possession of a communication device capable of concealing the source or existence of electronic communication. Finally, it is unlawful to prepare or publish the plans or instructions for making a device if one knows that someone will use the device for unlawful purposes.

MPAA’s model bill also includes an “intent to defraud” provision, which some states have omitted from their own bills or included without defining the term. Opponents of these bills are concerned that the bills would make the use of common devices illegal, and would thwart the investigation of new devices. Overall, the scope of the state Super-DMCA law adoption and meaning remains unclear at this early stage.

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