

No. 04-1118

In The
United States Court of Appeals
For The Federal Circuit

THE CHAMBERLAIN GROUP, INC.,

Plaintiff-Appellant,

v.

SKYLINK TECHNOLOGIES, INC.,

Defendant-Appellee.

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

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

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CERTIFICATE OF INTEREST

Counsel for the Appellant, The Chamberlain Group, Inc., certifies the following:

1. The full name of every party or *amicus* represented by us is: The Chamberlain Group, Inc.
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 us is: None.
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 us are: Chamberlain Manufacturing Corporation and Duchossois Industries, Inc.
4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by us in the trial court or agency or are expected to appear in this Court are:

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TABLE OF ABBREVIATIONS

<u>Abbreviation</u>	<u>Explanation</u>
Chamberlain	The Chamberlain Group, Inc., Plaintiff-Appellant.
Skylink	Skylink Technologies, Inc., Defendant-Appellee.
'703 patent	U.S. Patent No. Re. 36,703
GDOs	Garage door openers.
A____	Joint appendix on appeal at ____.
DMCA	Digital Millennium Copyright Act.

STATEMENT OF RELATED CASES

Appellant, The Chamberlain Group, Inc., submits the following statement of related cases pursuant to Rule 47.5 of this Court:

No appeal in or from the same civil action in the lower court was previously before this or any other appellate court.

The following cases are known to counsel to be pending in this or any other court that will directly affect or be directly affected by this Court's decision in the pending appeal:

In re Certain Universal Transmitters for Garage Door Openers, Investigation No. 337-TA-497, pending in the United States International Trade Commission. The only pending claim at issue in the investigation is the same claim under the Digital Millennium Copyright Act that is at issue here.

JURISDICTIONAL STATEMENT

This Court has jurisdiction over this appeal pursuant to Fed.R.Civ.P. 1295(a)(1) and 1338(a). The jurisdiction of this Court is “fixed with reference to that of the district court” and is determined by the “well-pleaded-complaint rule.” *The Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 535 U.S. 826, 829-30 (2002). “[T]he path to appeal is determined by the basis of jurisdiction in the district court, and is not controlled by the district court’s decision or the substance of the issues that are appealed.” *Zenith Elec. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1346 (Fed. Cir. 1999); *Abbott Labs. v. Brennan*, 952 F.2d 1346, 1349-50 (Fed. Cir. 1991). When a complaint alleges claims of patent infringement, this Court has exclusive jurisdiction over appeals. *Zenith*, 182 F.3d at 1346; 28 U.S.C. §1295.

This Court has jurisdiction because the plaintiff, The Chamberlain Group, Inc. (“Chamberlain”), alleged claims in its complaint arising under patent law. *Holmes*, 535 U.S. at 829-30. Counts I, II, and III of the Complaint and Amended Complaint pleaded claims of patent infringement. (A42-47; A141-52.) Similarly, Counts I, II, and VII of the Second Amended Complaint pleaded claims of patent infringement. (A1613-25.) The Defendant’s Amended Answer and Counterclaims sought declaratory judgment relief regarding patent claims in Counts V through VII of the Counterclaims. (A1655-63.)

During the course of the proceedings, Counts I, II, and IV through VIII of the Second Amended Complaint were dismissed from the action. On August 25, 2003, the District Court dismissed Count II of the Second Amended Complaint which alleges infringement of U.S. Patent No. Re. 36,703 ("the '703 patent"). The order of dismissal stated as follows:

Motion to dismiss Count II (Doc. No. 8-1) is granted nunc pro tunc March 25, 2003, without prejudice to Plaintiff's reasserting its '703 patent claims if the Federal Circuit reverses Judge Conlon's decision in *Chamberlain Group, Inc. v. Interlogix, Inc.*, No. 01 C 6157. The court understands that Chamberlain's continued inclusion of Count II in its subsequent submissions serves to preserve its claims under that patent.

(A4158.) The *Interlogix* case settled while on appeal, and the Federal Circuit did not reverse Judge Conlon's decision. *The Chamberlain Group, Inc. v. Interlogix, Inc.*, 75 Fed. Appx. 786 (No. 02-1595, -1596, Fed. Cir. Aug. 28, 2003). Accordingly, under the District Court's order of dismissal of Count II, the contingency which would have made the dismissal "without prejudice" never occurred. As of the District Court's entry of final judgment on November 13, 2003, Chamberlain could not reassert the '703 patent in this action, and the dismissal of Count II was with prejudice, thereby acting as an adjudication on the merits which confers this Court with appellate jurisdiction over the present appeal involving Chamberlain's claim under the Digital Millennium Copyright Act ("DMCA") (Count III of the Second Amended Complaint). *Zenith*, 182 F.3d at 1346.

On October 23, 2003, the District Court dismissed Count I and Counts IV through VIII of the Second Amended Complaint. (A5499-5501.) The District Court dismissed the patent claims (Counts I and VIII) with prejudice as to other federal district courts but not as to the pending investigation in the United States International Trade Commission. (A5499-5501.) The District Court also dismissed Counts I through VII of the counterclaims with prejudice. (A5499.)

On November 13, 2003, the District Court entered a Memorandum Opinion and an order of summary judgment on the remaining Count III of the Second Amended Complaint, which alleged violation of the DMCA. (A1-12.) The final judgment states:

IT IS HEREBY ORDERED AND ADJUDGED that Defendant's motion for partial summary judgment granted. Judgment is entered in favor of Defendant Skylink Technologies, Inc. on Count III of Chamberlain's Second Amended Complaint. All other claims are dismissed voluntarily without prejudice.

(A1.) The judgment was later amended to correct a clerical error to accurately reflect that other counts had previously been dismissed in accordance with the order of October 23, 2003 (which dismissed Counts I and IV through VIII only of the Second Amended Complaint). (A13.)

This is an appeal from the above-referenced Memorandum Opinion and final judgment on Count III of the Second Amended Complaint. (A1-12.) This Court has

jurisdiction pursuant to 28 U.S.C. §1295(a)(1). As the original Notice of Appeal was filed in the District Court on December 5, 2003, this appeal is timely pursuant to 28 U.S.C. §2107 and Fed.R.App.P. 4(a)(2).

STATEMENT OF THE ISSUES

1. Whether the District Court erred as a matter of law in applying the DMCA to find that Skylink Technologies, Inc. ("Skylink"), a trafficker under the DMCA whose products circumvent Chamberlain's technological measure controlling access to Chamberlain's copyrighted computer programs, did not violate the anti-trafficking provisions of the DMCA because Skylink allegedly was authorized to circumvent Chamberlain's technological measure based on authorization granted by Chamberlain to users of Chamberlain's computer programs to use the accused Skylink circumventing technology.

2. Whether the District Court erred as a matter of law in applying the DMCA to find that Skylink, a trafficker under the DMCA, was impliedly authorized to circumvent Chamberlain's technological measure even though Chamberlain expressly denied such authorization to Skylink.

3. Whether the District Court erred in not finding genuine issues of material fact regarding whether Chamberlain impliedly authorized its customers to use Skylink's circumventing products, and therefore erred in finding as a matter of law that Skylink was impliedly authorized to traffic in the circumventing products.

4. Whether the District Court erred in not finding a genuine issue of material fact regarding whether Chamberlain's customers were meaningfully

informed of the nature of Skylink's circumventing products such that the customers could authorize Skylink to circumvent Chamberlain's technological measure controlling access to its copyrighted computer programs.

5. Whether the District Court erred in holding as a matter of law that Chamberlain had the burden of proving that Skylink, a trafficker under the DMCA, acted "without the authority of the copyright owner," rather than holding that Skylink had the burden of proving authorization as an affirmative defense.

STATEMENT OF THE CASE

In this action, Chamberlain accuses Skylink of violating the DMCA. After a period of discovery, Chamberlain filed a motion for partial summary judgment that Skylink violated the DMCA. (A900.) After the District Court denied that motion (A14-41), defendant Skylink filed its own motion for partial summary judgment on Chamberlain's DMCA claim. (A4583-84.) The District Court granted Skylink's summary judgment motion and entered final judgment in favor of Skylink on the DMCA claim. (A1-12.)

Chamberlain appeals the final judgment in favor of Skylink on Chamberlain's DMCA claim. There is no cross-appeal.

STATEMENT OF FACTS

I. BACKGROUND OF THE TECHNOLOGY AT ISSUE

A. The Purpose Of Rolling Code Technology

Chamberlain manufactures and sells remote control garage door openers (“GDOs”). GDOs typically include hand-held or visor-mounted portable transmitters and a stationary garage door opening motor with a receiver including a processor. To open or close a garage door, a user presses a button on the transmitter to send a radio frequency (RF) signal to the receiver. The receiver relays the signal to the processor that directs the door motor to open or close the garage door. (A18.) (*See Overhead Door Corp. v. The Chamberlain Group, Inc.*, 194 F.3d 1261, 1264 (Fed. Cir. 1999).)

In the GDO industry, coded signals are used in order to prevent activation of GDOs (inadvertent and otherwise) by unintended transmitters. A unique identification code in each transmitter is “learned” by the GDO when in a program mode. Thereafter, when in an operate mode, the GDO’s receiver verifies that an identification code received from a transmitter matches a previously-learned transmitter identification code in the receiver before activating the door motor. (A51-60.) (*See also Overhead Door*, 194 F.3d at 1264-65.)

Devices known as “code grabbers” present security concerns to GDO owners. These devices capture and record the coded signals sent by the transmitters in order

to play them back later to open the garage door. These devices can be used by criminals to break into a homeowner's garage and possibly into the home itself. (A3106-09; A3114; A3130-31; A3277; A3287; A3308.)

To provide better security, especially as to unauthorized code grabbers, Chamberlain (and other manufacturers in the GDO industry) developed rolling code computer programs. (A3230-56; A3105-21.) Skylink itself has recognized the advantages of rolling code in preventing code grabbing. Skylink's own marketing materials and patent applications tout the advantages of rolling code technology to defeat code grabbers. (A3209-15; A3257-74.)

B. Chamberlain's "Rolling Code" Technology

1. The Ordinary Operation of Chamberlain's Rolling Code System

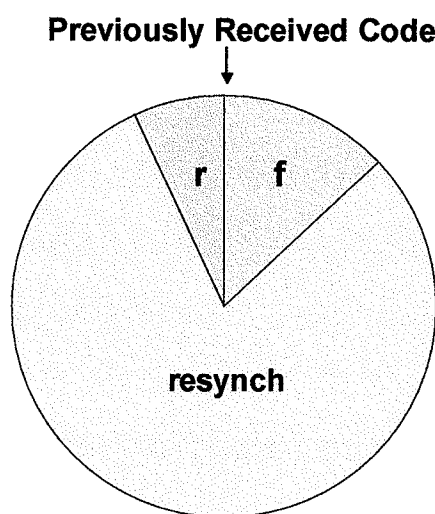
Chamberlain developed a rolling code system that scrambles and descrambles coded signals pursuant to a certain algorithm. Significantly, this algorithm generates a new coded signal each time a transmitter is activated. During each use of a transmitter, a counter in the transmitter "rolls" to a new counter value in the coded signal so that it does not use the same code every time a transmitter is activated. The receiver remembers the last rolling code counter value and knows not to respond to it again. Thus, the receiver must keep synchronized with the rolling code counter values sent by the transmitter. This "rolling code" feature provides additional

security to the homeowner because transmissions cannot be captured by a code grabber and played back to open a homeowner's garage door. Each activation of a transmitter generates a new signal; the GDO does not respond to the transmission of an "old" signal. (A20-22; A2390-92; A5203-07.)

The following description summarizes the ordinary operation of Chamberlain's rolling code security measure. The Chamberlain transmitter sends a scrambled digital code containing two components: 1) a fixed identification number (the "identification code"), and 2) a variable number (the "rolling code"). The rolling code changes with each actuation of the transmitter and increases by a predetermined factor. The copyrighted computer program in the transmitter utilizes a scrambling algorithm that scrambles the binary digits representing the identification code and the rolling code. (A20; A83-86; A5203.)

In the receiver, Chamberlain's rolling code copyrighted computer program enables the processor to unscramble the signal received from the transmitter to provide the identification code and the rolling code. When in program mode, the copyrighted computer program in the processor causes the identification code and rolling code to be stored in the receiver's memory. Thus, the receiver "learns" the identity of the transmitter in order to include it in the list of authorized transmitters kept in the receiver's memory. (A20, A56-57, A2409; A2411.)

After the receiver learns the transmitter identification code, the homeowner returns the GDO to operate mode. When the homeowner next operates the transmitter, the copyrighted computer program causes it to generate the next rolling code in sequence, scrambles this rolling code and the identification code, and sends the scrambled codes to the receiver. The copyrighted computer program in the receiver unscrambles the received code. It then determines if the received, unscrambled identification code matches the stored identification code. If it matches, then the computer program determines whether the newly-received rolling code is in a "rear window (r)," a "forward window (f)," or a "resynchronization window (resynch)," as shown in the following diagram:



(A20-22; A83-86; A2390-92; A5204-05.)

If the newly-received code is identical to the previously-received rolling code value or is in the "rear window," *i.e.*, a certain number of preceding rolling codes within specified values, the copyrighted receiver computer program ignores the transmission and does not operate the GDO. Thus, if a code grabber is replaying a captured rolling code transmission, the GDO will not operate. (A20-22; A83-86; A2390-92; A5204.)

If, instead, the newly-received rolling code is within the "forward window," *i.e.*, is within specified values in advance of the previously-received rolling code, then the copyrighted receiver computer program accepts the new rolling code as authorized and operates the GDO. The program accepts a range of values in the "forward window" to account for the possibility that the homeowner may activate the transmitter several times while outside the range of the GDO. (A21-22; A83-86; A2390-92; A5204.)

Thus, the protective measure included in Chamberlain's copyrighted receiver rolling code computer program controls access to Chamberlain's copyrighted computer program in the receiver that operates Chamberlain's rolling code GDOs. The copyrighted computer program does not execute if an improper identification code or an improper rolling code (*i.e.*, not in the forward window) is received from a transmitter. Once both an authorized identification code and an authorized rolling

code transmission are received, the copyrighted computer program sends instructions to the processor for operating the GDO. (A20-22; A83-86; A2390-92.)

2. Resynchronization Of Transmitter And Receiver

In unusual circumstances, Chamberlain's GDOs may need to resynchronize the rolling codes of the transmitter and receiver. Resynchronization is needed where an authorized transmitter has been depressed many times while out of range of the receiver, *i.e.*, where the next rolling code transmission is in the resynchronization window, as shown above. This can occur, for example, if the same transmitter is used with a different GDO at a vacation home. In that instance, the transmitter may be activated numerous times at the vacation home so that the rolling code of the transmitter will have advanced beyond the forward window when the homeowner returns to his or her primary residence. If the receiver at the primary residence cannot be resynchronized with the transmitter, the GDO will not operate and the homeowner may be locked out of his or her garage. (A22; A83-86; A2390-92.)

If the transmitter has advanced beyond the forward window, it is likely in the resynchronization window. When the receiver receives a rolling code in the resynchronization window, the receiver waits for the next rolling code and determines if the two rolling codes are in sequence. If so, then the receiver will treat them as valid rolling code transmissions, resynchronize to those newly-received

transmissions, and cause the GDO to operate. Thus, a user returning to his or her primary residence from a vacation home, with his transmitter having advanced beyond the forward window and into the resynchronization window, will cause the GDO to resynchronize and operate by pressing the transmitter twice. (A21-22; A83-86; A2390-92.)

II. THE COPYRIGHT REGISTRATIONS AT ISSUE

Chamberlain is the owner of the copyright on a transmitter computer program registered as No. TX5-533-065 and the copyright on a receiver computer program registered as No. TX5-549-995. (A1050-54.) The copyrighted computer programs are used to control the operation of Chamberlain's GDOs employing rolling code technology, *i.e.*, its SECURITY+ models. (A2386; A2408.) The SECURITY+ models are sold under the brand names Chamberlain, Lift-Master, and Sears Craftsman. (A3103.) Authorization to gain access to the copyrighted receiver program in these products is at issue herein.

III. SKYLINK'S UNIVERSAL TRANSMITTERS FOR GARAGE DOOR OPENERS CIRCUMVENT CHAMBERLAIN'S ROLLING CODE SECURITY FEATURE

When set to operate Chamberlain's rolling code GDOs, Skylink's Model 39 and 89 transmitters send a transmission containing coded signals that circumvent Chamberlain's rolling code technological measure in the copyrighted receiver

program. Skylink's transmitters send three individual unchanging codes in a row with a single press of the transmitter button. Skylink's transmitters send the same transmission every time; they do not "roll" to different transmissions at all. (A27; A5205-06.)

The three unchanging codes in Skylink's transmitters mimic the Chamberlain resynchronization procedure. The first code is set to an arbitrary value; the second code is set at a certain value that is less than the first code; and the third code is set a value next in sequence after the second code. The second code value is outside the forward and rear windows *vis-a-vis* the first code value. Because the third code value is the next rolling code after the second rolling code value, it is in proper rolling code sequence and will trigger resynchronization. (A27; A5205-06.)

The transmission of these three codes with each use of the Skylink transmitter will either (1) cause the Chamberlain GDO to operate in response to the first code value or (2) cause the Chamberlain GDO to resynchronize and operate in response to the second and third rolling code values. Since these same three codes repeatedly trigger the resynchronization feature, they circumvent Chamberlain's rolling code technology in the copyrighted receiver program of the GDOs, thereby eliminating the important protective measure that prevents unauthorized access to Chamberlain's copyrighted software. Code grabbers may record and replay these three codes to

trigger resynchronization and open the Chamberlain GDO. (A27-28; A2397-400; A5205-07.) Skylink's advertising literature and instruction materials are silent regarding the elimination of this protective measure. (A3336-40; A1387-91.)

IV. THE DISTRICT COURT'S SUMMARY JUDGMENT RULINGS

Initially, the District Court considered, and denied, Chamberlain's motion for partial summary judgment on its DMCA claim. (A14-41.) Following the District Court's denial, Skylink filed its own summary judgment motion on the DMCA claim, which was granted by the District Court. (A1-12.) The rulings are summarized below.

On August 29, 2003, the District Court denied Chamberlain's motion for summary judgment on Chamberlain's DMCA claim. (A14-41.) The District Court found that there were two issues of material fact that precluded entering summary judgment in Chamberlain's favor. (A37-41.) First, the District Court found that Skylink had not yet had the opportunity to review the different versions of Chamberlain's rolling code software to determine whether they were protected by copyright law. (A37-38.)

Second, the District Court found that there was a genuine issue of material fact as to whether Chamberlain impliedly authorized its customers to circumvent the technological measure in its GDOs. (A38-41.) The District Court noted that the

DMCA defines to “circumvent a technological measure” as bypassing the technological measure “*without the authority of the copyright owner.*” (A38) (emphasis in original). The District Court found, *inter alia*, that Chamberlain did not expressly limit the type of replacement or additional transmitters used by its customers and further found that the customers had a legitimate expectation that they would be able to access their garage even if their transmitter were misplaced or malfunctioned. (A39-40.) The District Court therefore concluded that there is an issue of material fact regarding whether Chamberlain provided implied authorization that precluded summary judgment against Skylink, the trafficker of the circumvention devices. (A41.)

On November 13, 2003, the District Court granted Skylink’s motion for summary judgment, finding no genuine issue of material fact as to implied authorization. (A1-12.) Initially, the District Court found that Chamberlain had the burden of proving that it did not impliedly authorize Skylink’s circumvention of its technological measure. (A7.) The District Court rejected Chamberlain’s argument that Skylink has the burden of proving implied authorization as an affirmative defense. (A7-8.)

Next, the District Court held as a matter of law that Chamberlain had given implied authorization to its customers to use Skylink’s non-rolling code transmitters

to circumvent Chamberlain's rolling code security measure. (A8-11.) The District Court based its holding on its finding that there was no express restriction prohibiting Chamberlain's customers from using Skylink's transmitters (A9), and that homeowners had a "reasonable expectation" that they could "replace the original product with a competing, universal product without violating federal law." (A11.) The District Court found nothing in Chamberlain's warranties and advertising that prohibited customers from using circumventing products, such as Skylink's transmitters. (A9-10.) Based on these facts, the District Court held as a matter of law that Chamberlain had impliedly authorized customers to circumvent the technological measure in its rolling code GDOs. (A9-12.) The District Court further held as a matter of law that Chamberlain's GDO customers "must voluntarily program the Chamberlain GDO to operate with a Model 39 transmitter, which demonstrates their willingness to bypass Chamberlain's system and its protections." (A11.) Based on these findings as a matter of law, the District Court held that Skylink, as the alleged trafficker, was entitled to summary judgment that it was not circumventing Chamberlain's technological measure and therefore not violating the anti-trafficking sections of the DMCA. (A9-12.)

SUMMARY OF THE ARGUMENT

The District Court erred in its application of the “authorization” provision of the DMCA to a trafficker in circumventing technology. Under the DMCA, it must be shown that the copyright owner (here Chamberlain) authorized the trafficker (here Skylink) to traffic in products that circumvent Chamberlain’s technological measure (which Chamberlain did not). Instead, the District Court misapplied the authorization provision of the DMCA by holding that there was no anti-trafficking violation based on its erroneous factual finding as a matter of law that Chamberlain’s customers were impliedly authorized to circumvent the technological measure in Chamberlain’s GDOs. (A11.) Relying on a finding of user authorization to exculpate the trafficker of the circumventing product is a misapplication of the DMCA because user liability is distinguished from trafficker liability under the DMCA. Contrast §1201(a)(1) with §1201(a)(2).

Chamberlain brought its claim against Skylink for trafficker liability under §1201(a)(2), and made no claim for user liability against Skylink’s or Chamberlain’s customers under §1201(a)(1). Therefore, the District Court improperly held that Skylink, as the alleged trafficker, did not violate the anti-trafficking provisions of the DMCA (section 1201(a)(2)) by improperly basing its holding on whether Chamberlain GDO owners could use Skylink transmitters “without violating federal

law” (section 1201(a)(1)). It is undisputed that Chamberlain expressly advised Skylink that it did not have authority to circumvent Chamberlain’s rolling code security system. This express statement of no authorization should be dispositive of Skylink’s lack of authorization as a trafficker under the DMCA.

Even under its flawed application of the DMCA, the District Court prematurely determined that there was no genuine issue of material fact with respect to whether Chamberlain impliedly authorized its customers to circumvent Chamberlain’s rolling code technology. The District Court erred in failing to consider the implied license analysis from copyright and patent law wherein an implied license to violate a copyright or patent owner’s rights is not easily shown. (A7-8.) The District Court improperly weighed the evidence, drawing inferences from the evidence in favor of Skylink rather than in favor of Chamberlain, and based its decision in large part on speculation regarding homeowner expectations in finding implied authorization. The District Court improperly drew inferences in favor of Skylink from the history of use of universal transmitters in the GDO industry when that history is not relevant in light of the recent introduction of rolling code technology and the recent enactment of the DMCA and, further, in light of the fact that the history of universal transmitters showed no evidence of awareness or acceptance of circumvention technology such as Skylink’s accused transmitters.

A fair inference from the recent advent of rolling code systems is that homeowners have an expectation that their rolling code GDOs are secure and they do not expect to circumvent, and are not authorized to circumvent, that security with Skylink's universal transmitters. When inferences from the evidence are drawn in favor of Chamberlain, a jury could reasonably find that Chamberlain did not give implied authorization to circumvent its rolling code system. Further, the result of the District Court's holding was to improperly read a notice requirement into the DMCA, *i.e.*, requiring Chamberlain to give notice to customers of explicit restrictions on circumvention of the protective rolling code technology, in order to make the DMCA enforceable against traffickers in circumvention products.

Assuming *arguendo* that a homeowner has implied authorization to circumvent the Chamberlain rolling code technology, that authorization does not necessarily show that traffickers are also impliedly authorized to traffic in circumvention technology. In this regard, the District Court improperly weighed the evidence, finding that the homeowner's purchase and use of a Skylink transmitter indicates a desire to authorize Skylink to sell the accused circumvention technology. Homeowners do not even realize they are circumventing the rolling code measure by using Skylink transmitters, and therefore cannot authorize, implicitly or otherwise, Skylink to supply such circumvention technology.

Finally, the District Court misapplied the DMCA to place the burden on Chamberlain to show that Skylink acted “without the authority of the copyright owner,” rather than construing the DMCA to provide for an affirmative defense of authorization on which Skylink has the burden of proof. The District Court improperly failed to consider patent and copyright law, which make the existence of an implied license an affirmative defense on which an alleged infringer has the burden of proof.

ARGUMENT

I. LAW OF SUMMARY JUDGMENT

Summary judgment “shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law.” Fed.R.Civ.P. 56(c). All reasonable factual inferences are drawn in favor of the non-moving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). “For the grant of summary judgment, there must be no material fact in dispute, or no reasonable version of material fact upon which the non-movant could prevail.” *Roger W. Brown, Ph.D. v. 3M*, 265 F.3d 1349, 1351 (Fed. Cir. 2001).

A district court's grant of a motion for summary judgment is reviewed by this Court without deference. *Ethicon Endo-Surgery, Inc. v. United States Surgical Corp.*, 149 F.3d 1309, 1315 (Fed. Cir. 1998).

II. THE DIGITAL MILLENNIUM COPYRIGHT ACT

A. The Language Of The DMCA

The DMCA prohibits trafficking in devices designed to circumvent technological access control measures. Section 1201(a)(2) establishes three separate bases of liability for impermissible trafficking:

[n]o person shall manufacture, import, offer to the public, provide or otherwise traffic in any technology, product, service, device, component or part thereof, that—

(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

17 U.S.C. §1201(a)(2).

Trafficking in a product satisfying any one of these three independent bases for liability is prohibited. *RealNetworks, Inc. v. Streambox, Inc.*, 2000 U.S. Dist. LEXIS 1889, at *20 (W.D. Wash. Jan. 18, 2000). Trafficking in a product that circumvents a technological measure to gain unauthorized access to copyrighted material, even in the absence of copying, “is enough by itself, to create liability under Section 1201(a)(2).” *Id.* at **24-25; *see also Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 441 (2d Cir. 2001) (“[T]he focus of subsection 1201(a)(2) is circumvention of technologies designed to *prevent access* to a work....”) (emphasis in original); *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 253 F.Supp. 2d. 943, 969 (E.D. Ky. 2003) (“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 distribution.”)

As used in the Act, the phrase “to ‘circumvent a technological measure’ means to descramble a scrambled work, to decrypt an encrypted work, or otherwise avoid, bypass, remove, deactivate or impair a technological measure, without the authority of the copyright owner.” 17 U.S.C. §1201(a)(3)(A). “[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.” 17 U.S.C.

§1201(a)(3)(B). The term “access” means the “ability to enter, to obtain, or to make use of.” *Lexmark*, 253 F.Supp. 2d. at 967 (quoting *Merriam-Webster’s Collegiate Dictionary* 6 (10th ed. 1999)).

Section 1201(a)(2), which is at issue here, is directed at *traffickers* of circumventing technology. In contrast, section 1201(a)(1), which is not at issue here, is directed to acts of circumvention by *users* of circumventing technology. The DMCA treats traffickers and users of circumventing technology differently, including the defenses and penalties that apply to each. Throughout this action, Chamberlain has alleged violation of the DMCA by Skylink based solely on anti-trafficking section 1201(a)(2).

B. The DMCA Applies To Technological Measures That Effectively Control Access To Computer Software

Courts have applied the DMCA to cases involving the circumvention of a technological measure to improperly access computer programs. *Lexmark*, 253 F.Supp. 2d. 943¹ (holding that the DMCA prohibited circumvention of security measure protecting access to computer printers); *Corley*, 273 F.3d 429 (applying

¹ Since this action involves an interpretation of the DMCA, which is a federal law over which this Court does not have exclusive jurisdiction, this Court follows the law of the regional circuit on interpretation of the DMCA (here the Court of Appeals for the Seventh Circuit). For guidance, this Court also looks to the law of sister circuits. *Payless Shoesource, Inc. v. Reebok Int’l, Ltd.*, 998 F.2d 985, 987-88, 989 (Fed. Cir. 1993).

DMCA to prohibit circumvention of encryption protecting access to DVD content); *Sony Computer Entertainment America Inc. v. Gamemasters*, 87 F. Supp. 2d 976, 987 (N.D. Cal. 1999) (entering preliminary injunction where the defendant's product circumvented a technological measure controlling the consumer's ability to make use of copyrighted computer programs).

C. Skylink Violates The *Prima Facie* Requirements Of Anti-Trafficking Section 1201(a)(2)

Skylink did not seriously dispute that the operation of its transmitters bypasses Chamberlain's rolling code security measure to gain access to Chamberlain's copyrighted GDO receiver operating software, but instead focused on an "authorization" defense. As discussed in detail above, Skylink's Model 39 and 89 transmitters do not transmit rolling codes at all. Instead, they transmit three unchanging code values that circumvent the Chamberlain rolling code algorithm and mimic the resynchronization feature with every transmission. Because they transmit unchanging codes, a code grabber can record and play back the codes to operate the GDO. (A20-22; A27-28; A5203-07.) Thus, Skylink's transmitters circumvent the technological measure protecting access to Chamberlain's copyrighted operating software and defeat completely the purpose of Chamberlain's rolling code system.

Based on this manner of operation, Skylink's trafficking of its Model 39 and 89 transmitters satisfies the *prima facie* requirements for all three independent bases

for anti-trafficking liability under Section 1201(a)(2). First, Skylink's transmitters are designed and produced for the purpose of circumventing Chamberlain's rolling code security measure that controls access to Chamberlain's operating software, in violation of Section 1201(a)(2)(A). (A152.) Second, Skylink's transmitters, when set to operate Chamberlain's rolling code GDOs, have no other purpose or use than to circumvent Chamberlain's technological protective measure, in violation of Section 1201(a)(2)(B). See Model 39 and 89 instructions. (A3336-40.) Third, Skylink's transmitters are marketed for use in circumventing Chamberlain's technological protective measure, in violation of Section 1201(a)(2)(C). See Model 39 and 89 instructions. (*Id.*)

In its advertisements, Skylink specifically promotes its transmitters as additional transmitters to be used with Chamberlain's rolling code GDO systems and markets its transmitters for use with Chamberlain's rolling code GDOs. (A1387-91.) Moreover, when Skylink first began to sell its transmitters, Chamberlain informed Skylink that it was not authorized to circumvent Chamberlain's technological protective measure. (A46.) Also, in the Complaint, Chamberlain stated that Skylink was not so authorized. (A44-46.) Accordingly, Skylink violates Section 1201(a)(2) of the DMCA.

III. THE DISTRICT COURT MISAPPLIED THE DMCA IN HOLDING THAT SKYLINK WAS AUTHORIZED TO TRAFFIC IN CIRCUMVENTION PRODUCTS BECAUSE OF AN IMPLIED AUTHORIZATION ALLEGEDLY GRANTED BY CHAMBERLAIN TO ITS GDO CUSTOMERS

The District Court erroneously held that Skylink, as the alleged *trafficker* of circumventing technology who was expressly told it was not authorized, was impliedly “authorized” to sell circumventing technology under the anti-trafficking provisions of the DMCA (section 1201(a)(2)) based on its faulty analysis of whether *users* are impliedly authorized to use circumventing technology under the use-prevention provisions of the DMCA (section 1201(a)(1)). (A8-12.)

A. Under Section 1201(a)(2), The Copyright Owner Must Authorize The Trafficker To Sell The Circumventing Equipment

Under the DMCA, a trafficker in circumventing technology must be authorized by the copyright owner to sell such technology. Whether a user of the circumventing technology is authorized to use the protected software is irrelevant under this analysis, especially when the trafficker has been expressly informed that it is not authorized.

In *Universal City Studios v. Reimerdes*, 111 F.Supp. 2d 294, 317 (S.D.N.Y. 2000), *aff'd*, 273 F.3d 429 (2nd Cir. 2001), the District Court entered a permanent injunction against a trafficker of a software utility, known as DeCSS, without regard to user liability. This software utility circumvented a technological measure, known

as CSS, which was used by copyright owners (*i.e.*, motion picture studios) to control access to content stored on DVDs. There were no strings attached to consumer purchase of the DVDs, *i.e.*, the copyright owners did not attempt to place restrictions on DVD purchasers' freedom to view the DVDs with alternative software. The alleged traffickers argued that they were not liable under anti-trafficking provisions of the DMCA because purchasers of the DVDs in question had no restrictions placed on them to use the traffickers' DeCSS technology. In rejecting the argument, the District Court found that a trafficker is authorized under the DMCA only if the copyright owner consents to the actual bypassing activity of the trafficker:

Decryption or avoidance of an access control measure is not "circumvention" within the meaning of the statute unless it occurs "without the authority of the copyright owner." 17 U.S.C. §1201(a)(3)(A). Defendants posit that purchasers of a DVD acquire the right "to perform all acts with it that are not exclusively granted to the copyright holder." ***Based on this premise, they argue that DeCSS does not circumvent CSS within the meaning of the statute because the Copyright Act does not grant the copyright holder the right to prohibit purchasers from decrypting.*** As the copyright holder has no statutory right to prohibit decryption, the argument goes, decryption cannot be understood as unlawful circumvention. Def. Post-Trial Mem. 10-13. ***The argument is pure sophistry. The DMCA proscribes trafficking in technology that decrypts or avoids an access control measure without the copyright holder consenting to the decryption or avoidance.***

111 F.Supp 2d 294, 317 n.137 (S.D.N.Y. 2000) (emphasis added).

The Second Circuit, in affirming the District Court's entry of a permanent injunction, rejected the defendants' argument that they, as traffickers, were authorized

to traffic in circumventing technology based on the DVD purchaser's right to view his or her DVD:

Third, the Appellants argue that an individual who buys a DVD has the "authority of the copyright owner" to view the DVD, and therefore is exempted from the DMCA pursuant to subsection 1201(a)(3)(A) when the buyer circumvents an encryption technology in order to view the DVD on a competing platform (such as Linux). *The basic flaw in this argument is that it misreads subsection 1201(a)(3)(A). That provision exempts from liability those who would "decrypt" an encrypted DVD with the authority of a copyright owner, not those who would "view" a DVD with the authority of a copyright owner.* (Emphasis added.)

Corley, 273 F.3d at 444.

Significantly, the Second Circuit recognized that the analysis of the "authorization" subsection of the DMCA, subsection 1201(a)(3)(A), depends on whether user or trafficker liability is at issue:

This [authorization to "view" a DVD] is actually what subsection 1201(a)(3)(A) means when read in conjunction with the *anti-circumvention* provisions [section 1201(a)(1)]. When read together with the *anti-trafficking* provisions [section 1201(a)(2), (b)], subsection 1201(a)(3)(A) frees an individual to traffic in encryption technology designed or marketed to circumvent an encryption measure if the owner of the material protected by the encryption measure authorizes that circumvention.

Id. at n.15 (emphasis in original). Thus, the court held that the subsection defining "authorization" must be read in conjunction with the liability section at issue, *i.e.*, section 1201(a)(1) or section 1201(a)(2), and that authorization to use protected

software does not equate to authorization to traffic in circumventing technology for use of the protected software. *Corley*, 272 F.3d 429.

Here, there is no question that Chamberlain did not authorize trafficking in circumventing technology by Skylink. Once Chamberlain became aware of Skylink's marketing of the accused transmitters, it requested that Skylink stop marketing its circumventing technology and filed suit when Skylink refused to do so. Whether the purchasers of Chamberlain's GDOs have been impliedly authorized to use non-Chamberlain additional or replacement transmitters to use their Chamberlain GDOs is irrelevant to the anti-trafficking liability of Skylink. Chamberlain's express disclaimer of authorization to Skylink conclusively establishes Skylink's lack of authorization under the DMCA.

The District Court purported to distinguish *Reimerdes* on the following basis:

"[T]he plaintiff in *Reimerdes* did in fact authorize certain circumvention of its technological protective measure pursuant to a license. It did not authorize circumvention by means of non-licensed software." *Chamberlain Group*, 2003 WL 22038638, at *15." [Quoting the District Court's denial of Chamberlain's summary judgment motion.] *See also Lexmark Int'l, Inc. v. Static Controls Components, Inc.*, 253 F. Supp. 2d 943, 947-48 (E.D. Ky. 2003) (plaintiff explicitly restricted the use of third-party toner cartridge refills for customers opting to buy toner cartridges at a discount under a shrinkwrap agreement). Chamberlain places no such limitations on the type of transmitter a homeowner can utilize to access his or her own garage.

(A10.) However, contrary to the District Court's statement, the plaintiff in *Reimerdes* did not place any restrictions on the purchasers of the DVDs in question. That is why both the *Reimerdes* district court and the court of appeals distinguished between granting authorization to consumers to view the DVDs and granting authorization to traffickers to sell circumvention software that defeated the CSS encryption software on the DVDs.

B. Users And Traffickers Of Circumventing Technology Are Treated Differently Under The DMCA

The District Court was apparently concerned that a finding that Skylink is violating the anti-trafficking provisions of section 1201(a)(2) would be tantamount to a finding that users of the accused Skylink transmitters are violating section 1201(a)(1) of the DMCA (17 U.S.C. §1201(a)(1)), a section not at issue here. (A11.) ("Under Chamberlain's theory any customer who loses his or her Chamberlain transmitter, but manages to operate the opener either with a non-Chamberlain transmitter or by some other means of circumventing the rolling code, has violated the DMCA. In this court's view, the statute does not require such a conclusion.")²

² Contrary to the district court's statement, Chamberlain did not argue for user liability in the District Court. The District Court's comment is based on a hypothetical question regarding user liability posed during an oral hearing. (A3582-83.) However, Chamberlain's counsel made clear during the hearing that Chamberlain is making no claims of DMCA liability against its customers. (A3616-18.)

However, sections 1201(a)(1) and 1201(a)(2) treat users and traffickers differently. The existence of these separate sections make clear that trafficking liability is not dependent on user liability and vice versa. The DMCA provides for the regulatory exemption of classes of copyrighted works by the Librarian of Congress, which exempts users but not traffickers from liability. 17 U.S.C. §1201(a)(1)(C), (D), (E). The DMCA provides protections for innocent violations (17 U.S.C. §§ 1203(c)(5)(A), 1204), which apply to users but not traffickers. For traffickers, but not users, the DMCA also provides three narrow exemptions for those who develop and provide circumvention technologies for the limited purposes of reverse engineering, encryption research, and security testing. 17 U.S.C. §§1201(f)(2), (f)(3), (g)(4), (j)(4).

The District Court erred in failing to recognize these distinctions between user liability under section 1201(a)(1) and trafficker liability under section 1201(a)(2), and in failing to focus on trafficker liability Section 1201(a)(2) in this case. Focusing on trafficker liability under section 1201(a)(2), rather than section 1201(a)(1), renders irrelevant the question of whether a homeowner is authorized to use a replacement transmitter under the DMCA. The user's need for a replacement transmitter does not justify ignoring the requirement here that Skylink, to avoid liability under the anti-trafficking provisions of section 1201(a)(2), must be authorized by Chamberlain,

directly or indirectly, to sell a product that circumvents the rolling code security measure in the Chamberlain GDOs. There simply was no evidence, or even argument, of such authorization submitted by Skylink.

IV. THE DISTRICT COURT ERRED IN FINDING NO GENUINE ISSUE OF MATERIAL FACT AS TO IMPLIED AUTHORIZATION

In granting summary judgment, the District Court held as a matter of law that Chamberlain *impliedly* authorized owners of Chamberlain GDOs to use circumventing technology to operate the Chamberlain GDOs. (A2-12.) In doing so, the District Court improperly weighed the evidence to grant summary judgment in favor of Skylink.

The District Court, in finding implied authorization as a matter of law, improperly drew inferences in Skylink's favor in weighing the following evidence: no express restriction by Chamberlain prohibiting GDO purchasers from using circumventing technology, the expectations of consumers when purchasing GDOs, the history of use of universal transmitters in the GDO industry, and the homeowner's voluntary storage of Skylink's transmitter signal into the Chamberlain GDO's memory. (A9-12.) However, this evidence is not one-sided. A jury should be permitted to consider and weigh this same evidence to determine whether Chamberlain has authorized circumvention. Further, a jury should consider and weigh the fact that Chamberlain GDO owners' manuals only discuss use of

Chamberlain transmitters as replacements (A5211-86), that Chamberlain's warranties do not extend to unauthorized transmitters (A5250; A5286), that rolling code technology is secure and relatively new (A3103-04), and that there is no history of sale of universal transmitters that circumvent rolling code security measures. (A2414-15.) A jury could reasonably infer from these facts that homeowners do not expect to circumvent, and are not authorized to circumvent, the Chamberlain rolling code security system with Skylink's universal transmitters, and could reasonably find that Chamberlain did not impliedly authorize its customers to circumvent the rolling code security system in its GDOs. Therefore, when inferences from the evidence are drawn in favor of Chamberlain, it is clear that there is a genuine issue of material fact concerning authorization, and summary judgment is not appropriate.

A. The Implied License Analysis From Copyright And Patent Law Counsels That An Implied Authorization Should Not Be Freely Found

In finding as a matter of law that Chamberlain had given implied authorization to its GDO customers to circumvent its rolling code security measure, the District Court declined to consider analogous precedent in copyright and patent law (A7-8) ("Chamberlain has not provided any authority for its assumption that the patent law or copyright statute sets forth the proper analysis for a DMCA claim."). However, the DMCA is relatively new, and there is very little precedent on the question of

authorization posed here. Chamberlain is not aware of any precedent where there has been a finding of implied authorization under the DMCA, as found by the District Court here. In contrast, there is ample precedent restricting application of the analogous doctrine of implied license in copyright and patent law. It makes sense to look at this precedent for guidance.

Under copyright law, implied licenses are found only in very limited circumstances, typically when a party has been hired to make a work for the benefit and use of another wherein it is clear from the circumstances that the parties intended the hiring party to make use and benefit of the resulting work. *See, e.g., I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775, 778 (7th Cir. 1996)(finding implied license to use architectural drawings for air cargo/hangar building); *Effects Associates, Inc. v. Cohen*, 908 F.2d 555, 559 (9th Cir. 1990)(finding implied license to use special effects footage created for movie); *Smithkline Beecham Consumer Healthcare, L.P. v. Watson Pharm., Inc.*, 211 F.3d 21, 25 (2d Cir. 2002)(“[C]ourts have found implied licenses only in ‘narrow’ circumstances where one party ‘created a work at [the other’s] request and handed it over, intending that [the other] copy and distribute it.’”)(quoting from *Effects*, 908 F.2d at 558).

To prove an implied copyright license based on the conduct of the parties, the evidence must show an objective manifestation of an intention on the part of the

copyright owner to grant the license under the circumstances. *Johnson v. Jones*, 149 F.3d 494, 502 (6th Cir. 1998)(holding that architect did not intend that his drawings be used by others to complete the building of house, and stating, “[T]here [was] no such demonstration of intent in this case. Without intent, there can be no implied license.”).

“As with all copyright licenses, an implied license protects the licensee only to the extent ‘the copyright owners intended that their copyrighted works be used in the manner in which they were eventually used.’” *Viacom Int’l, Inc. v. Fanzine Int’l, Inc.*, 2000 U.S. Dist. LEXIS 19960 at *10, 56 U.S.P.Q.2d 1363, 1366 (S.D.N.Y. 2000). The mere sale of a copy of copyrighted subject matter does *not* give rise to any implied license. As stated in *Viacom*, 56 U.S.P.Q.2d at 1366,

[T]he mere transfer of an object...in which copyrighted material is embodied does not imply a license...17 U.S.C. §202. If there is ambiguity concerning the rights conveyed when a copyright owner transfers such an object, such ambiguities are resolved in favor of finding a transfer of only the material object, not rights in the copyrighted work.

Similarly, in patent law, courts will look to see if the circumstances clearly show that a license should be inferred. *Bandag, Inc. v. Al Bolser’s Tires Stores*, 750 F.2d 903, 924-25 (Fed. Cir. 1984) (noting that implied licenses have been found in relatively few instances).

Here, in light of this legal framework, the District Court improperly granted summary judgment because there is, at least, a genuine issue of fact as to whether Chamberlain gave implied authorization to purchasers of its GDOs to circumvent the rolling code security measure contained therein. The question of implied authorization is a fact-intensive question that depends heavily on the circumstances and for which summary judgment is rarely appropriate. If all reasonable inferences are drawn in Chamberlain's favor (as they must be), summary judgment is not appropriate.

B. Chamberlain's Mere Sale Of Its GDOs Without Express Restriction Does Not Show Authorization To Use Circumventing Technology

In granting summary judgment, the District Court relied heavily on Chamberlain's lack of notification to its customers that they are not authorized to use circumventing technology, such as Skylink's Model 39 or 89 transmitters, to circumvent Chamberlain's rolling code technological measure. (A8-10.) In doing so, the District Court essentially read a notice requirement into the statute. However, the DMCA does not contain any requirement that a user be notified that use of a circumventing technology is not authorized, *i.e.*, will violate the DMCA, as a prerequisite to enforcement of the DMCA. Since the DMCA explicitly provides that no monetary damages may be awarded against users of circumventing technology who are unaware of their violation of the DMCA, 17 U.S.C. §1203(c)(5)(A), it is

clear that the DMCA is intended to proscribe even unknowing violations. Nothing in the statutory language or legislative history indicates an intent to require any notice to consumers or other users of circumventing technology as a prerequisite to enforcement, particularly against an alleged *trafficker* in circumventing technology.

While Congress did not include a notice requirement in §1201 of the DMCA, Congress has included notice requirements in related statutes. For example, The Online Copyright Infringement Liability Limitation Act, which was enacted as Title II of the DMCA, explicitly relieves online service providers of liability for infringement if, *inter alia*, they have no actual knowledge of infringing activity or material on their system and they respond expeditiously to notification of claimed infringement. 17 U.S.C. §512(c). Given the absence of a comparable notice requirement in §1201 of the DMCA, one should not be read into the statute.

Regarding this lack of a notice requirement, the DMCA is like the Patent Act and the Copyright Act. Under the Patent Act, if a manufacturer sells an infringing product, the manufacturer, as well as its customers, may be liable for infringement despite the absence of notice or knowledge of infringement. Similarly, under copyright law, absence of notice or knowledge of infringement is no defense. 4 *Nimmer on Copyright*, §13.08. Any perceived unfairness is addressed by the remedies available under the Copyright Act. *Id.*; 17 U.S.C. §§405(b), 406(a), and

504(c)(2). Similarly, the DMCA should be enforceable without requiring the violator to have knowledge or notice that his use or sale of circumventing technology is unauthorized.

C. The “Reasonable Expectations” Of The Purchasers Of Chamberlain’s GDOs Alone Are Insufficient To Establish Authorization

In granting summary judgment, the District Court found that homeowners have a “reasonable expectation” that they may operate their Chamberlain GDOs using any universal transmitter they want, including Skylink’s transmitters having the accused circumventing technology. (A9.) However, the unilateral expectations of homeowners do not constitute authorization by the copyright owner to circumvent its protective rolling code security system. The District Court did not cite any authority supporting its “reasonable expectation” analysis, and such analysis is essentially a corruption of a “fair use” defense. Analogous case law does not support this analysis.

In the *Reimerdes* case, the District Court and the Second Circuit rejected this fair use defense under the DMCA. *Corley*, 272 F.3d 429; *Reimerdes*, 111 F. Supp. 2d 294. Although a purchaser of a DVD might expect to have the right to view the motion picture contained on the DVD on any disk drive capable of reading DVDs, this “expectation” was not held to constitute authorization to view the DVDs using the accused circumventing DeCSS technology. *See Reimerdes*, 111 F. Supp. 2d at

303 (“CSS-protected motion pictures on DVDs may be viewed only on players and computer drives equipped with licensed technology that permits the devices to decrypt and play – but not to copy – the films.”). The traffickers of the circumventing DeCSS technology argued that they were entitled to make their product available to rightful owners of DVDs who would make fair use of the product “not for piracy, but to make lawful use of those works.” *Id.* The District Court flatly rejected the fair use defense, finding that the only defenses to liability under the DMCA were those contained in the DMCA. The court noted that other provisions of the DMCA address defenses for a user of circumvention technology, other than fair use. *Id.* at 323. The court also noted that Congress had considered the policy concerns raised by the defendants in enacting the DMCA. *Id.* at 324. Similarly, the Second Circuit, in affirming *Reimerdes*, rejected the fair use defense after extensive consideration of the policies underlying the fair use defense. *Corley*, 272 F.3d 429.

The unilateral expectations of one side are not sufficient to establish an implied license under copyright law:

An implied license in fact “arises out of the objective conduct of the parties, which a reasonable man would regard as indicating that an agreement has been reached. It cannot arise out of the unilateral expectations of one party, unless that expectation was deliberately fostered by the unscrupulous conduct of the other party.”

Allen-Myland, Inc. v. International Bus. Mach. Corp., 746 F. Supp. 520, 549 (E.D. Pa. 1990) (quoting *Medeco Sec. Locks, Inc. v. Lock Tech. Corp.*, 199 U.S.P.Q. 519, 524 (S.D.N.Y. 1976)). Here, there is no evidence showing that any expectation of GDO purchasers “was deliberately fostered by the unscrupulous conduct” of Chamberlain.

Similarly, the unilateral expectations of one party are insufficient to create an implied license under patent law:

The relatively few instances where implied licenses have been found rely on the doctrine of equitable estoppel.... One common thread in cases in which equitable estoppel applies is that the actor committed himself to act, and indeed acted, as a direct consequence of another’s conduct. Thus, an implied license cannot arise out of the unilateral expectations or even reasonable hopes of one party. One must have been led to take action by the conduct of the other party.

Bandag, 750 F.2d at 925 (quoting *Stickle v. Heublein, Inc.*, 716 F.2d 1550, 1559 (Fed. Cir. 1983)). Here, the District Court pointed to Chamberlain’s inaction to support an implied license, *i.e.*, Chamberlain’s failure to place express restrictions on its GDOs. This inaction is not enough to create an implied license as a matter of law. Accordingly, the “reasonable expectations” of the homeowners who purchase Chamberlain’s GDOs are insufficient to establish authorization that exculpates Skylink from trafficker liability under 1201(a)(2) of the DMCA as a matter of law.

D. There Is No Evidentiary Support In the Record For The District Court's Finding That Homeowners Have A Reasonable Expectation That They Are Authorized To Use Circumventing Technology

In granting summary judgment based on the "reasonable expectations" of homeowners, the District Court relied on "a history in the GDO industry of universal transmitters being marketed and sold to allow homeowners an alternative means to access any brand of GDO." (A11.) However, there is nothing in the record to indicate that homeowners have expectations of accessing Chamberlain's copyrighted software *by circumventing the rolling code technology*. To the contrary, the District Court drew this inference without stating any basis for it, which is improper on summary judgment. A jury could reasonably find to the contrary based on the fact that homeowners pay extra for GDOs with rolling code technology, presumably for the extra protection provided by that technology, suggesting that the homeowners would prefer not to circumvent the protective rolling codes (A4), and the fact that there is no history of sales of universal transmitters that operate (or circumvent) rolling code systems of other GDO manufacturers. (A2414-15.) A fair inference from the recent introduction of rolling code technology is that homeowners have heightened expectations of security. (A4.)

Skylink's recently-introduced circumvention technology does not function like Chamberlain's rolling code transmitters. By triggering the resynchronization feature

every time they are used, they thwart the protection afforded by rolling codes, leaving the homeowner vulnerable to code grabbing. Thus, contrary to the District Court's finding, it is fair to infer that the use of a Skylink transmitter to circumvent Chamberlain's rolling code frustrates the typical homeowner's expectations that their rolling code GDO is secure. When inferences from the evidence are drawn in favor of Chamberlain, a reasonable jury could find that a homeowner does not want or expect authorization to circumvent the rolling security system in his or her Chamberlain GDO.

The District Court pointed out similarities between GDO transmitters and television remote controls, stating that "[i]n both cases, consumers have a reasonable expectation that they can replace the original product with a competing, universal product without violating federal law." (A11.) However, a jury could infer the opposite from the evidence. GDO transmitters are different than television remote controls in an essential manner because homeowners depend on GDO systems to provide security for their garages and homes. It was just such a need that motivated the development of the rolling code security system. There is no equivalent need with respect to television remote controls and thus the analogy to those remote controls fails.

The enactment of the DMCA in 1998 further renders the pre-DMCA history in the GDO industry irrelevant. By prohibiting the trafficking and use of circumvention technology, the DMCA fundamentally altered the legal landscape:

[T]he enactment of the DMCA means that "those who manufacture equipment and products generally can no longer gauge their conduct as permitted or forbidden by reference to the Sony doctrine. For a given piece of machinery might qualify as a staple item of commerce, with a substantial noninfringing use, and hence be immune from attack under Sony's construction of the Copyright Act—but nonetheless still be subject to suppression under Section 1201." *1 Nimmer on Copyright (1999 Supp.)*, §12A.18[B]. As such, "equipment manufacturers in the twenty-first century will need to vet their products for compliance with Section 1201 in order to avoid a circumvention claim, rather than under Sony to negate a copyright claim." *Id.*

RealNetworks, 2000 U.S. Dist. LEXIS 1889, at *23; *see also Reimerdes*, 111 F. Supp. 2d at 323-24. Any analysis of practices within the GDO industry must now be undertaken in light of the DMCA.

Therefore, in view of the conflicting inferences which may be drawn from the evidence, a genuine issue of material fact exists as to the Chamberlain GDO owners' "reasonable expectations."

E. There Is No Evidence That Skylink Is Authorized To Sell Technology That Circumvents Chamberlain's Rolling Code Security System

Skylink does not dispute that it has not received authorization, express or implied, directly from Chamberlain to sell products that circumvent Chamberlain's

rolling code security system. Chamberlain expressly disavowed any such authorization by letters to Skylink followed by the Complaint in this action.

Instead, Skylink argued, and the District Court found, that implied authorization to circumvent was granted by Chamberlain to its customers as a matter of law (which Chamberlain disputes as discussed above). The District Court then stated:

Chamberlain argues that even if its customers are authorized to circumvent its security measures, that has no bearing on whether sellers have similar authorization. (Pl. Mem., at 15.) This argument ignores that fact that (1) there is a history in the GDO industry of marketing and selling universal transmitters; (2) Chamberlain has not placed any restrictions on the use of competing transmitters to access its Security+ GDOs; and (3) in order for the Skylink transmitter to activate the Chamberlain garage door, the homeowner herself must choose to store Skylink's transmitter signal into the Chamberlain GDO's memory...Again, however, homeowners must voluntarily program the Chamberlain GDO to operate with a Model 39 transmitter, which demonstrates their willingness to bypass Chamberlain's system and its protections.

(A11.) Notably, the District Court never explained this statement, and never stated whether it was finding that Skylink had received authorization to circumvent from either Chamberlain or its customers.

Chamberlain has already addressed points (1) and (2) above. As to point (3), the District Court improperly drew an inference against Chamberlain based on the evidence to reach this conclusion. However, the evidence also permits an inference

favorable to Chamberlain that the customer, in programming the Chamberlain GDO to respond to a Skylink transmitter merely wishes to have the receiver “learn” the unique identification code of the Skylink transmitter, and does not intend to permit circumvention of the rolling code security feature.

When a Skylink transmitter is “learned” by a Chamberlain GDO, the Skylink transmitter’s unique identification code is stored in the memory of the receiver of the GDO. (A2409; A5207.) However, that learning process does not enable the Skylink transmitter to operate the rolling code software. Instead, the Skylink transmitter still circumvents the rolling code software by its transmission of the same three codes over and over again. Thus, even if the ability to program a Skylink transmitter to store its identification code in a Chamberlain GDO were somehow considered an authorization of some kind, a proposition with which Chamberlain disagrees, it relates only to the “learning” of the identification code by the receiver (which was the subject of Chamberlain patents asserted in the District Court). This learning function is only part of Chamberlain’s technological measure, which by itself cannot be circumvented to operate a SECURITY+ GDO. In other words, even if a customer were authorized to “learn” the identification code, a fair inference from this evidence is that Chamberlain has not authorized circumvention of the critical rolling code security feature of its GDOs by anyone, including Skylink.

1. The Evidence Permits The Inference That Chamberlain's Customers Do Not Give Authorization To Circumvent To Skylink

Further, the finding as a matter of law that authorization to circumvent has somehow been transferred from the customers to Skylink is improper in view of evidence to the contrary, *i.e.*, evidence of the lack of mutual assent between the customers and Skylink. Skylink advertises its Model 39 and 89 transmitters as being compatible with Chamberlain rolling code GDOs. (A1387-91; A5156-57.) This statement is misleading to consumers because it misrepresents how Skylink's transmitters actually operate. Skylink's Model 39 and 89 transmitters access Chamberlain's copyrighted software by bypassing the rolling code function through a procedure mimicking the resynchronization process. While the ultimate result obtained by the operator of the Model 39 or 89 transmitter enables the customer to operate his or her GDO by avoiding the rolling code security measure, the transmission is susceptible to code grabbing. This fact would certainly be material to any homeowner's understanding of what security is actually being provided, and therefore, which replacement or additional transmitter to purchase.

Analyzing the relationship between Skylink and the Chamberlain customers who are purchasing a Model 39 or 89 transmitter under basic contract law shows that the implied authorization allegedly granted by Chamberlain to its customers does not

extend to Skylink. "If a misrepresentation as to the character or essential terms of a proposed contract induces conduct that appears to be a manifestation of assent by one who *neither knows nor has reasonable opportunity to know of the character or essential terms of the proposed contract*, his conduct is not effective as a manifestation of assent." *Restatement (Second) of Contract* §163 (emphasis added). Thus, Chamberlain's customers cannot properly authorize the manufacture of Skylink's Model 39 or 89 transmitter for the purpose of circumventing Chamberlain's rolling code technological measure because they have been misinformed (by Skylink) as to what they are allegedly authorizing.

Contrary to the District Court's assertion, the fact that "homeowners must voluntarily program the Chamberlain GDO to operate with a Model 39 transmitter" does not necessarily "demonstrate[] their willingness to bypass Chamberlain's system and its protections." (A11.) To the contrary, a reasonable inference from such fact is that the homeowners are unaware that they are bypassing Chamberlain's rolling code system at all, and that they erroneously expect that the Skylink transmitters will work *with* Chamberlain's protective rolling code security system rather than circumventing it. Therefore, it was improper for the District Court to draw the inference in favor of Skylink on summary judgment and find as a matter of law that

consumers are expecting to circumvent the rolling code system and giving authorization to circumvent to Skylink.

Therefore, there is a genuine issue of material fact as to the existence, nature, and scope of any such authorization by Chamberlain's customers to Skylink. At a minimum, there is an issue of fact as to what the customers understand they are authorizing by purchasing Skylink's transmitters.

V. THE DISTRICT COURT ERRED IN HOLDING THAT CHAMBERLAIN HAS THE BURDEN OF PROVING LACK OF AUTHORIZATION UNDER THE DMCA

The District Court ruled that Chamberlain had the burden of proving that the circumvention of its technology was not authorized. (A7.) This ruling was erroneous as a matter of law. The District Court erroneously placed the burden on Chamberlain to prove a negative, *i.e.*, the absence of express or implied authorization. The question of who bears the burden of proof is especially significant in light of the disputed evidence relating to implied authorization, as set forth above, and requires reversal when considered in conjunction with those disputed factors.

Simply by bringing the DMCA action in the District Court, Chamberlain was asserting that it had not authorized Skylink to traffic in circumventing technology. Skylink's assertion that it, or Chamberlain's customers, were acting under some sort

of implied authorization was in the nature of an affirmative defense on which Skylink should have the burden of proof.

Case law construing the DMCA suggests that the burden is on a defendant to prove authorization. In *Corley*, 273 F.3d at 444, the Second Circuit rejected the defendants' argument that purchasers of DVDs had the authority of copyright owners to circumvent encryption technology to view the DVDs on a Linux platform. *Id.* In rejecting the defendants' argument, the Second Circuit found that "***the Defendants offered no evidence*** that the Plaintiffs have either explicitly or implicitly authorized DVD buyers to circumvent encryption technology to support use on multiple platforms." *Id.* (Emphasis added.) Thus, the Second Circuit appeared to place the burden on the defendants to offer evidence and to prove that they (or others) had been authorized to circumvent a technological measure.

Further, the doctrine of implied license from copyright and patent law supports placing the burden on Skylink to prove authorization. In copyright law, implied license is an affirmative defense. *I.A.E.*, 74 F.3d at 775. The burden of proof is on the defendant to establish an implied license. *Atkins v. Fischer*, 331 F.3d 988, 992 (D.C.Cir. 2003).

Similarly, in a claim of patent infringement, implied license is an affirmative defense for which the accused infringer has the burden of proof. *Carborundum v.*

Molten Metal Equip. Innov. Inc., 72 F.3d 872, 878 (Fed. Cir. 1995). Significantly, the Patent Act, 35 U.S.C. §271(a), defines “patent infringement” as:

Except as otherwise provided in this title, whoever *without authority* makes, uses, offers to sell or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent. (Emphasis added.)

This statutory definition is very similar to the DMCA definition of “circumvention” as acting “without the authority of the copyright owner.” 17 U.S.C. §1201(a)(3)(A). Accordingly, the District Court should have treated implied authorization as an affirmative defense as in patent law, wherein the burden of proof was on Skylink to establish implied authorization. See *Atkins*, 331 F.3d at 992.

CONCLUSION

The Court should vacate the summary judgment in favor of Skylink on Count III of the Second Amended Complaint, and remand this action to the District Court for further proceedings.

Respectfully submitted,

FITCH, EVEN, TABIN & FLANNERY

Date: February 13, 2004

A handwritten signature in cursive script, appearing to read 'Karl R. Fink', is written over a horizontal line.

Karl R. Fink, Esq.

John F. Flannery, Esq.

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United States District Court
Northern District of Illinois
Eastern Division

DOCKETED
NOV 14 2003

The Chamberlain Group Inc.

JUDGMENT IN A CIVIL CASE

v.

Case Number: 02 C 6376

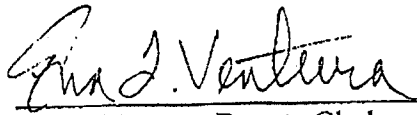
Skylink Technologies, Inc.

- ☐ Jury Verdict. This action came before the Court for a trial by jury. The issues have been tried and the jury rendered its verdict.
- ☒ Decision by Court. This action came to trial or hearing before the Court. The issues have been tried or heard and a decision has been rendered.

IT IS HEREBY ORDERED AND ADJUDGED that Defendant's motion for partial summary judgment granted. Judgment is entered in favor of Defendant Skylink Technologies, Inc. on Count III of Chamberlain's Second Amended Complaint. All other claims are dismissed voluntarily without prejudice.

NOV 17 2003

Michael W. Dobbins, Clerk of Court


Ena T. Ventura, Deputy Clerk

Date: 11/13/2003

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United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Rebecca R. Pallmeyer	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	02 C 6376	DATE	11/13/2003
CASE TITLE	Chamberlain Grp, Inc. vs. Skylink Tech Inc.		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

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DOCKET ENTRY:

(1)	<input type="checkbox"/>	Filed motion of [use listing in "Motion" box above.]	NOV 17 2003
(2)	<input type="checkbox"/>	Brief in support of motion due _____.	
(3)	<input type="checkbox"/>	Answer brief to motion due _____. Reply to answer brief due _____.	
(4)	<input type="checkbox"/>	Ruling/Hearing on _____ set for _____ at _____.	
(5)	<input type="checkbox"/>	Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.	
(6)	<input type="checkbox"/>	Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.	
(7)	<input type="checkbox"/>	Trial[set for/re-set for] on _____ at _____.	
(8)	<input type="checkbox"/>	[Bench/Jury trial] [Hearing] held/continued to _____ at _____.	
(9)	<input type="checkbox"/>	This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to] <input type="checkbox"/> FRCP4(m) <input type="checkbox"/> Local Rule 41.1 <input type="checkbox"/> FRCP41(a)(1) <input type="checkbox"/> FRCP41(a)(2).	
(10)	<input checked="" type="checkbox"/>	[Other docket entry] Enter Memorandum Opinion and Order. Defendant's motion for partial summary judgment (152-1) granted. Judgment is entered in favor of Defendant Skylink Tech Inc. on Count III of Chamberlain's Second Amended Complaint. All other claims are dismissed voluntarily without prejudice.	
(11)	<input type="checkbox"/>	[For further detail see order (on reverse side of/attached to) the original minute order.]	

<input type="checkbox"/>	No notices required, advised in open court.		1	Document Number 189
<input type="checkbox"/>	No notices required.		number of notices	
<input checked="" type="checkbox"/>	Notices mailed by judge's staff.		NOV 14 2003	
<input type="checkbox"/>	Notified counsel by telephone.		date docketed	
<input type="checkbox"/>	Docketing to mail notices.		JP	
<input checked="" type="checkbox"/>	Mail AO 450 form.		docketing deputy initials	
<input checked="" type="checkbox"/>	Copy to judge/magistrate judge.		11/13/2003	
	courtroom deputy's initials		date mailed notice	
ETV		Date/time received in central Clerk's Office	ETV6	
			mailing deputy initials	

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THE CHAMBERLAIN GROUP, INC.,
a Connecticut corporation,

Plaintiff/Counterdefendant,

v.

SKYLINK TECHNOLOGIES, INC.,
a corporation,

Defendant/Counterclaimant.

No. 02 C 6376

Judge Rebecca R. Pallmeyer

NOV 17 2003

MEMORANDUM OPINION AND ORDER

Defendant Skylink Technologies ("Skylink") is a competitor of Plaintiff The Chamberlain Group ("Chamberlain") in the electronic garage door industry. In its second amended complaint ("SAC"), Chamberlain alleges that Skylink violated the Digital Millennium Copyright Act ("DMCA" or the "Act"), 17 U.S.C. § 1201 *et seq.*, the Lanham Act, 15 U.S.C. § 1125, the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2, and the Uniform Deceptive Trade Practices Act, 805 ILCS 510/2, by distributing a universal remote transmitter capable of activating certain garage door openers manufactured and sold by Chamberlain.

On December 3, 2002, Chamberlain filed a motion for summary judgment on Count III of the SAC, in which Chamberlain alleges that Skylink violated the DMCA by manufacturing and marketing a transmitter that is capable of operating Chamberlain's "Security+" garage door opener system. According to Chamberlain, the Skylink transmitter unlawfully circumvents a technological protective measure known as "rolling code" in Chamberlain's garage door opener's computer program. This court denied Chamberlain's motion on August 29, 2003, and invited Skylink to file its own motion for summary judgment on Count III. *Chamberlain Group, Inc. v. Skylink Technologies, Inc.*, 68 U.S.P.Q.2d 1009, 2003 WL 22038638, at *15 (N.D. Ill. Aug. 29, 2003).

Skylink accepted the invitation, and its own motion for summary judgment is now before the court.¹ For the reasons set forth here, that motion is granted.

Background

The facts of this matter are more fully presented in this court's August 29, 2003 Memorandum Opinion and Order ("Order"). See *Chamberlain Group*, 2003 WL 22038638, at *1-9. This opinion assumes the reader's familiarity with the earlier decision and will summarize the relevant facts here only briefly.²

Chamberlain manufactures and sells garage door openers ("GDOs"), transmitters, and garage door remote controls, including a Security+ line that utilizes a "rolling code" technology. (Def. Facts ¶¶ 2, 6.) Chamberlain claims that it developed the rolling code technology as a security measure to prevent "code-grabbing" – that is, capturing and recording transmitter signals to obtain illegal access to a homeowner's garage. According to Chamberlain, "[t]his security feature is the main selling point for Chamberlain's line of rolling code GDOs and is the very reason homeowners are willing to pay top dollar." (Pl. Facts ¶ 6; *Chamberlain Group*, 2003 WL 22038638, at *2.)

Skylink distributes universal remote control devices that operate many different brands of GDOs and other remotely controlled equipment. One of those universal transmitters, the Model 39, can be used to open a variety of standard GDOs, as well as Chamberlain's Security+ rolling code GDO. In fact, the Model 39 has one setting dedicated solely to operating Chamberlain's GDOs and not any other brand. Before a Model 39 transmitter can be used to open a Security+

¹ On October 21, 2003, the court granted the parties' joint motion to dismiss all other claims remaining in the SAC.

² Chamberlain has objected to a number of the factual assertions in Defendant's 56.1 Statement of Material Facts on the basis that these statements are immaterial. Defendant has made similar objections to Plaintiff's 56.1(b)(3) Statement of Material Facts and has also moved to strike certain of Plaintiff's exhibits. To the extent the court addresses any facts in this decision, the court finds them material and overrules the parties' objections; to the extent the challenged facts are not addressed here, the objections are moot.

GDO, the user must first store the Model 39 transmitter signal into the GDO's memory, using procedures described in this court's earlier opinion. (Def. Facts ¶¶ 1, 8; Pl. Facts ¶ 2; *Chamberlain Group*, 2003 WL 22038638, at *2-4, 7.)

For purposes of Chamberlain's motion for summary judgment, both sides agreed that Chamberlain "does not place any restrictions on consumers regarding the type of transmitter they must buy to operate a Chamberlain rolling code GDO." Indeed, Chamberlain markets and sells its own universal transmitter called the "Clicker," but "does not advise consumers that they are limited to purchasing Clicker transmitters for any additional or replacement transmitters." (Def. Facts ¶ 7; *Chamberlain Group*, 2003 WL 22038638, at *7, 8.) In addition, the parties agreed that there is a history in the GDO industry of universal transmitters being marketed and sold to allow homeowners an alternative means to access any brand of GDO. (*Chamberlain Group*, 2003 WL 22038638, at *6.)

Chamberlain now contests these statements, however, and argues that it never authorized consumers or Skylink to "circumvent the security measure in the Chamberlain rolling code GDOs." (Pl. Facts ¶ 1; Tone Decl. ¶ 3.) Chamberlain points to its webpage, which lists only Chamberlain transmitters as "Your Compatible Replacement Control(s)," and to its owners' manual for rolling code GDOs, which instructs users on programming the GDO to operate with "additional Security+ remote controls." Chamberlain also stresses that its warranty for rolling code GDOs "does not cover . . . use of unauthorized parts or accessories . . . [or] alterations to this product . . ." (Pl. Facts ¶¶ 3-5.) With respect to the history of universal remotes, Chamberlain argues that Skylink's product is the first of its kind to be able to operate Chamberlain's rolling code GDOs and that it "did not believe it was possible to circumvent the rolling code system" before now. As a result, Chamberlain posits, it had no reason to warn its customers against using universal transmitters with its rolling code GDOs. (*Id.* ¶¶ 7-8.)

Chamberlain advanced similar arguments before the United States International Trade Commission ("ITC") in a July 16, 2003 complaint and motion for temporary relief or for a temporary exclusion order ("TEO"). On November 4, 2003, an Administrative Law Judge ("ALJ") made an Initial Determination that Chamberlain's allegations did not establish that Skylink violated the DMCA or provide any basis to issue a TEO. See *In the Matter of Certain Universal Transmitters for Garage Door Openers* ("Matter of GDOs"), Inv. No. 337-TA-497, 2003 WL ____ (Nov. 4, 2003). Specifically, the ALJ found that Chamberlain does not place any restrictions on the use of competing transmitters and that Chamberlain's customers have a reasonable expectation that they can access their garages using either a Chamberlain or a Skylink transmitter if the original transmitter malfunctions or is misplaced. *Id.* slip op. at 39, 41-42.

Discussion

I. Summary Judgment Standard

Summary judgment is warranted where "there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law." FED. R. CIV. P. 56(c); *Becton Dickinson and Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 795 (Fed. Cir. 1990); *Southwall Technologies, Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1575 (Fed. Cir. 1995). Material facts are those that might affect the lawsuit under the governing substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The court will draw all reasonable factual inferences in favor of the non-moving party. *Id.* "For the grant of summary judgment there must be no material fact in dispute, or no reasonable version of material fact upon which the nonmovant could prevail." *Brown v. 3M*, 265 F.3d 1349, 1351 (Fed. Cir. 2001).

II. The Digital Millennium Copyright Act

The DMCA was enacted in 1998 to implement the World Intellectual Property Organization Copyright Treaty and serves as a means to better protect copyright in the digital age. *Universal*

City Studios, Inc. v. Corley, 273 F.3d 429, 440 (2d Cir. 2001). The section of the Act at issue in this case provides:

(2) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that

—
(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

17 U.S.C. § 1201(a)(2). Under the Act, to "circumvent a technological measure" means 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*." 17 U.S.C. § 1201(a)(3)(A) (emphasis added).

Skylink argues that Chamberlain's DMCA claim fails because Chamberlain cannot demonstrate that Skylink's Model 39 transmitter provides unauthorized access to Chamberlain's software. (Def. Mem., at 1.) See *Chamberlain Group*, 2003 WL 22038638, at *14. As a preliminary matter, Chamberlain disputes that it bears the burden of proof on this issue, arguing that Skylink must prove that it was authorized to circumvent – not access – Chamberlain's software as an affirmative defense. The court disagrees. Under the Act, it is clearly the plaintiff's burden to demonstrate that the defendant circumvented a technological measure. This, in turn, requires a showing that the defendant acted "without the authority of the copyright owner." 17 U.S.C. § 1201(a)(3)(A).

Chamberlain notes that it never expressly authorized the circumvention of its GDOs and argues that under copyright and patent infringement law, implied authorization – more accurately, implied license – constitutes an affirmative defense. (Pl. Mem., at 5-6.) Chamberlain has not

provided any authority for its assumption that the patent law or copyright statute sets forth the proper analysis for a DMCA claim. See, e.g., *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 774 (7th Cir. 1996) (prima facie case of copyright infringement requires a showing of (1) ownership of a valid copyright; and (2) copying of "constituent elements of the work that are original"; proof of "unauthorized access" to the copyrighted work not listed as part of prima facie case). In any event, regardless of which party bears the burden of proof on this issue, it is clear that to the extent Skylink was authorized to decrypt, descramble, avoid, bypass, remove, deactivate, or impair Chamberlain's GDOs, it cannot be held liable under the DMCA.

Skylink argues that in order for the Model 39 transmitter to operate the Chamberlain GDO, the homeowner must store the transmitter's signal into the GDO's memory. By doing so, Skylink reasons, the homeowner "must by definition have authorized access by the Skylink transmitter to operate the Chamberlain GDO." (Def. Mem., at 3.) In addition, Skylink reasons, the homeowners themselves are authorized to access the Chamberlain GDO because Chamberlain does not place any restrictions on the type of transmitters they are permitted to use. (*Id.* at 4.)

Chamberlain first argues that it never intended to authorize GDO purchasers or Skylink to circumvent the security measures in Chamberlain's rolling code GDOs, as evidenced by Chamberlain Vice President Mark Tone's declaration to that effect. (Pl. Mem., at 7.) Tone's conclusory assertion that Chamberlain did not authorize the circumvention of its rolling code GDOs has little weight. See *Payne v. Pauley*, 337 F.3d 767, 773 (7th Cir. 2003) ("[c]onclusory allegations, unsupported by specific facts, will not suffice" to defeat a summary judgment motion). Chamberlain admits that the packaging for its Security+ GDO does not include "any restrictions on a consumer's ability to buy a replacement transmitter or additional transmitter." (Def. Facts ¶ 7; Gregory Dep., at 174-75.) See also *Chamberlain Group*, 2003 WL 22038638, at *14.

Chamberlain concedes that it never warned customers against using unauthorized transmitters but explains that it did not do so because it had no idea that other transmitters could

be made to operate its rolling code GDOs. (Pl. Mem., at 9-10.) Chamberlain's failure to anticipate such technology, however, does not refute the fact that homeowners have a reasonable expectation of using the technology now that it is available. In any event, as the ITC recently explained:

The fact that [Chamberlain] did not give customers any warning about not using any unauthorized transmitters because there were none at one time does not explain why Chamberlain has done nothing now that they know that there are transmitters that can be used with their rolling code GDOs. And the fact that there is new technology in the rolling code GDOs . . . does not mean that consumers' expectations in the GDO market are much different. That is, it is reasonable for consumers to expect that a universal transmitter that operates a rolling code GDO will be available.

Matter of GDOs, 2003 WL ____, at 39-40.

In the alternative, Chamberlain claims that restrictions on the use of competing transmitters can be found on its webpage, which does not identify any non-Chamberlain transmitters in its GDO/accessory compatibility chart, and in its owners' manual, which provides instructions for using the Security+ GDO only with other Security+ transmitters. (Pl. Mem., at 7.) Again, the court is not persuaded. The mere fact that Chamberlain's webpage and owners' manual only mention its own products in no way demonstrates its intention to prohibit customers from using any competing products. To the contrary, there is a history in the GDO industry of universal transmitters being marketed and sold to allow homeowners an alternative means to access any brand of GDO. In fact, Chamberlain itself markets and sells a universal remote under the brand name "Clicker." Chamberlain did not advise its customers that no other universal transmitter would work on its Security+ line, let alone prohibit them from using such products.

The court is similarly not persuaded that the warranty in Chamberlain's owners' manual demonstrates its intention to prevent consumers from using non-Chamberlain transmitters. To be sure, the warranty does not cover use of unauthorized accessories or product alterations. (Pl. Mem., at 7-8.) Customers are not required to operate their GDOs in a manner that entitles them

to coverage, however, and instead, may choose to forgo any warranty benefits in favor of using "unauthorized accessories." See, e.g., *Marts v. Xerox, Inc.*, 77 F.3d 1109, 1112 (8th Cir. 1996) (warranty that required use of defendant's products did not force customers to comply; "[a]n owner of a new Xerox copier could forego the benefits of the warranty, buy service from Xerox or an independent provider, and purchase cartridges from the vendor of its choice"). Nor does anything in the warranty language convey Chamberlain's claimed intent to prohibit customers who do not want warranty coverage from using universal transmitters with the Security+ line.

Chamberlain next reiterates its argument raised in support of its summary judgment motion that under *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 317 (S.D.N.Y. 2000), customers do not obtain implied authorization to circumvent the rolling code security measure simply by purchasing the GDO. (Pl. Mem., at 10-11.) As the court explained in its August 29, 2003 Order, however, *Reimerdes* is distinguishable from this case: "[T]he plaintiff in *Reimerdes* did in fact authorize certain circumvention of its technological protective measure pursuant to a license. It did not authorize circumvention by means of non-licensed software." *Chamberlain Group*, 2003 WL 22038638, at *15. See also *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 253 F. Supp. 2d 943, 947-48 (E.D. Ky. 2003) (plaintiff explicitly restricted the use of third-party toner cartridge refills for customers opting to buy toner cartridges at a discount under a shrinkwrap agreement). Chamberlain places no such limitations on the type of transmitter a homeowner can utilize to access his or her own garage.

In addition, a homeowner has a legitimate expectation that he or she will be able to access the garage even if the original transmitter is misplaced or malfunctions. *Chamberlain Group*, 2003 WL 22038638, at *15. Chamberlain disagrees, but "[i]t is rather curious why Chamberlain would take such an extreme position, considering that, if marketed as such, few homeowners would be inclined to purchase such a product." *Matter of GDOs*, 2003 WL ___, at 41. Under Chamberlain's theory, any customer who loses his or her Chamberlain transmitter, but manages to operate the

opener either with a non-Chamberlain transmitter or by some other means of circumventing the rolling code, has violated the DMCA. In this court's view, the statute does not require such a conclusion. GDO transmitters are similar to television remote controls in that consumers of both products may need to replace them at some point due to damage or loss, and may program them to work with other devices manufactured by different companies. In both cases, consumers have a reasonable expectation that they can replace the original product with a competing, universal product without violating federal law. *See id.* at 42.

Chamberlain argues that even if its customers are authorized to circumvent its security measures, that has no bearing on whether sellers have similar authorization. (Pl. Mem., at 15.) This argument ignores the fact that (1) there is a history in the GDO industry of marketing and selling universal transmitters; (2) Chamberlain has not placed any restrictions on the use of competing transmitters to access its Security+ GDOs; and (3) in order for the Skylink transmitter to activate the Chamberlain garage door, the homeowner herself must choose to store Skylink's transmitter signal into the Chamberlain GDO's memory. Chamberlain suggests that Skylink has misinformed Chamberlain's customers regarding the security risks involved in using a Model 39 transmitter to bypass the rolling code technology and that, as a result, those customers "cannot properly authorize the sale of the Model 39 transmitter for the purpose of circumventing of Chamberlain's technological measure." (Pl. Mem., at 12-13.) Again, however, homeowners must voluntarily program the Chamberlain GDO to operate with a Model 39 transmitter, which demonstrates their willingness to bypass Chamberlain's system and its protections.

Equally unavailing is Chamberlain's claim that exemptions to user liability under § 1201(a)(1), which are currently under consideration by the Librarian and Registrar of Copyrights, demonstrate that "Congress did not want fair use by a user, Chamberlain's customer, to be transferred to the trafficker, Skylink." (Pl. Mem., at 14.) Exempting a certain class of works from

the prohibitions of § 1201(a)(1)(A) does not speak to whether a copyright owner has authorized access to its software.

Conclusion

For the reasons stated above, Skylink's Motion for Partial Summary Judgment on Chamberlain's DMCA Claim (152-1) is granted.

ENTER:

Dated:

Nov. 13, 2003



REBECCA R. PALLMEYER
United States District Judge

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Rebecca R. Pallmeyer	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	02 C 6376	DATE	11/20/2003
CASE TITLE	Chamberlain Grp, Inc. vs. Skylink Tech Inc.		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

Unopposed Motion to Amend Order and Judgment

DOCKET ENTRY:

NOV 24 2003

- (1) ☐ Filed motion of [use listing in "Motion" box above.]
- (2) ☐ Brief in support of motion due _____.
- (3) ☐ Answer brief to motion due _____. Reply to answer brief due _____.
- (4) ☐ Ruling/Hearing on _____ set for _____ at _____.
- (5) ☐ Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (6) ☐ Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (7) ☐ Trial[set for/re-set for] on _____ at _____.
- (8) ☐ [Bench/Jury trial] [Hearing] held/continued to _____ at _____.
- (9) ☐ This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to]
☐ FRCP4(m) ☐ Local Rule 41.1 ☐ FRCP41(a)(1) ☐ FRCP41(a)(2).
- (10) ☒ [Other docket entry] Unopposed Motion to Amend Order and Judgment granted. Language "All other claims are dismissed voluntarily without prejudice" is stricken. Court order of November 13, 2003 is amended as follows: All other claims are dismissed in accordance with the Court's Order of October 23, 2003.
- (11) ☐ [For further detail see order (on reverse side of/attached to) the original minute order.]

<input type="checkbox"/> No notices required, advised in open court.	11/20/2003 10:10:10 AM 11/20/2003 12:00:00 PM Date/time received in central Clerk's Office	number of notices	Document Number 194
<input type="checkbox"/> No notices required.		NOV 21 2003 date docketed	
<input checked="" type="checkbox"/> Notices mailed by judge's staff.		988 docketing deputy initials	
<input type="checkbox"/> Notified counsel by telephone.		11/13/2003 date mailed notice	
<input type="checkbox"/> Docketing to mail notices.		ETVG mailing deputy initials	
<input type="checkbox"/> Mail AO 450 form.			
<input type="checkbox"/> Copy to judge/magistrate judge.			
ETV	courtroom deputy's initials		

A 00013

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Rebecca P. Allmeyer	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	02 C 6376	DATE	8/29/2003
CASE TITLE	The Chamberlain Group vs. Skylink Technologies, Inc.		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

DOCKET ENTRY:

- (1) ☐ Filed motion of [use listing in "Motion" box above.]
- (2) ☐ Brief in support of motion due ____.
- (3) ☐ Answer brief to motion due _____. Reply to answer brief due ____.
- (4) ☐ Ruling/Hearing on _____ set for _____ at _____.
- (5) ☐ Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (6) ☐ Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (7) ☐ Trial[set for/re-set for] on _____ at _____.
- (8) ☐ [Bench/Jury trial] [Hearing] held/continued to _____ at _____.
- (9) ☐ This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to]
☐ FRCP4(m) ☐ Local Rule 41.1 ☐ FRCP41(a)(1) ☐ FRCP41(a)(2).
- (10) ☒ [Other docket entry] Enter Memorandum Opinion And Order. Plaintiff's motion for summary judgment on Count III (Doc. No. 29-1) is denied.

- (11) ☒ [For further detail see order attached to the original minute order.]

<input type="checkbox"/> No notices required, advised in open court. <input type="checkbox"/> No notices required. <input checked="" type="checkbox"/> Notices mailed by judge's staff. <input type="checkbox"/> Notified counsel by telephone. <input type="checkbox"/> Docketing to mail notices. <input type="checkbox"/> Mail AO 450 form. <input checked="" type="checkbox"/> Copy to judge/magistrate judge.	ETV courtroom deputy's initials <i>Adrick</i>	Date/time received in central Clerk's Office	6	Document Number
			number of notices	
			date docketed	
			docketing deputy initials	
			8/29/2003	
			date mailed notice	
			ETV	
			mailing deputy initials	

A 00014

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THE CHAMBERLAIN GROUP, INC., a
Connecticut corporation,

Plaintiff,

v.

SKYLINK TECHNOLOGIES, INC., a
corporation,

Defendant.

No. 02 C 6376

Judge Rebecca R. Pallmeyer

MEMORANDUM OPINION AND ORDER

On March 26, 2003, Plaintiff The Chamberlain Group ("Chamberlain") filed its second amended complaint (SAC) against Defendant Skylink Technologies ("Skylink"), Plaintiff's competitor in the electronic garage door industry.¹ In this lawsuit, Chamberlain challenges Skylink's distribution of a universal remote transmitter capable of activating certain garage door openers manufactured and sold by Chamberlain. In its SAC, Chamberlain invokes the Digital Millennium Copyright Act ("DMCA" or "the Act"), 17 U.S.C. §1201 *et seq.*; the Lanham Act, 15 U.S.C. § 1125; the Consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505/2; and the Uniform Deceptive Trade Practices Act, 805 ILCS 510/2. In addition, Plaintiff raises claims of patent infringement and claims that Skylink's actions constitute unfair competition under Illinois common law.

For the purposes of this opinion, the court is only concerned with Count III of Chamberlain's

¹ On May 9, 2003, Chamberlain filed a "Motion for Leave to File Third Amended Complaint" to add two new defendants to this litigation: Capital Prospect Limited and Philip Tsui. (Chamberlain's Motion for Leave to File Third Amended Complaint, (hereinafter, "Plf.'s Motion for Leave"), at 1.) The court has continued its ruling on this motion until after the court has ruled on Plaintiff's motion for summary judgment on its DMCA claim. (See *Chamberlain Group v. Skylink Technologies, Inc.*, 02 C 6376, Minute Order of July 10, 2003.) According to Chamberlain, Capital Prospect Limited is a foreign corporation with its principal place of business in Hong Kong, and Philip Tsui is the Chief Executive Officer of Skylink. (Plf.'s Motion for Leave, at 2-3.)

complaint, in which Plaintiff alleges that Skylink violated the DMCA by manufacturing and marketing a transmitter that is capable of operating Chamberlain's "Security+" garage door opener system. According to Chamberlain, the Skylink transmitter is capable of operating the Chamberlain garage door opener because the transmitter unlawfully circumvents a technological protective measure in Chamberlain's garage door opener's computer program. Specifically, Chamberlain claims that Skylink violated the DMCA by developing a product: (1) for the purpose of circumventing the protective measure included in Chamberlain's computer program; (2) that has no commercially significant purpose other than to circumvent Chamberlain's technological measure; and (3) that Skylink markets for the purpose of circumventing Chamberlain's protective measure. On December 3, 2002, Chamberlain filed a motion for summary judgment on Count III. Skylink opposes this motion, arguing (1) that disputed issues of material fact exist; (2) that the DMCA does not protect Chamberlain's garage door opener; and (3) that Skylink fits within a safe harbor provision of the DMCA. For the reasons stated in this opinion, Chamberlain's motion is denied.

BACKGROUND²

Plaintiff Chamberlain is a Connecticut corporation with its principal place of business in

² The court compiled the facts for this section from the parties' Local Rule 56.1(a)(3) and (b)(3) Statements of Material Facts and attached exhibits. As described below, these statements reflect a number of factual disputes. Defendant has raised evidentiary objections to the declarations of James J. Fitzgibbon and Richard Allan Gregory, which were both filed in support of Chamberlain's motion, (Def.'s Evidentiary Objections, at 1), but because the court has denied the Plaintiff's motion for summary judgment, these objections are moot. The court notes, further, that Plaintiff has objected to a number of the factual assertions in Defendant's 56.1(b)(3) Statement of Material Facts on the basis that these statements are immaterial to Plaintiff's motion. To the extent the court addresses these facts in this decision, the court finds these facts material and overrules Plaintiff's objections; to the extent the challenged facts are not addressed here, Plaintiff's objections are moot. Lastly, the court notes that both parties have included a number of documents in the record that are not discussed by the court in this background section. For instance, Chamberlain has presented marketing materials from a variety of garage door opener brands and United States Patents Nos. 5,517,187, 6,154,544, 6,441,719, 6,377,173, 6,191,701, and 6,366,198. Skylink has included a copy of Judge Conlon's decision in *Chamberlain Group v. Interlogix, Inc.*, No. 01 C 6157, 2002 WL 1263984 (N.D. Ill. June 3, 2002). Although the court has reviewed the entire record, only that information relevant to the resolution of the parties' motions has been included in this section.

Elmhurst, Illinois. (Plaintiff's 56.1 Statement, (hereinafter, "Plf.'s 56.1"), ¶ 1.) Chamberlain manufactures and sells garage door opener systems ("GDOs"), including GDOs that utilize a "rolling code" technology, described in more detail below. (*Id.*) Defendant Skylink Technologies is a Canadian corporation with its principal place of business in Mississauga, Ontario. (*Id.* ¶ 2.) Skylink Technologies distributes and markets components of GDOs in the United States.³

The dispute before the court relates to a relatively new line of GDOs manufactured and distributed by Chamberlain, called the "Security+" line. This line of GDOs differs from other models in that it incorporates a copyrighted computer program that constantly changes the transmitted signal needed to actuate the garage door. Both sides refer to this feature as "rolling code."

Chamberlain objects to Skylink's development of a new universal transmitter, the Model 39 universal transmitter, that can be used with a number of GDOs, including Chamberlain's Security+ GDO. Skylink's universal transmitter is compatible with Chamberlain's Security+ line and permits the user of the Skylink transmitter to open a Chamberlain Security+ door even though Skylink's product does not use a rolling code. Skylink's marketing of its transmitter, according to Chamberlain, leaves the Security+ GDO susceptible to those who would seek to record the signal of the Model 39 transmitter and then play it back in order to illegally gain access to a homeowner's garage. By creating a transmitter that circumvents Chamberlain's rolling code protective measure, Plaintiff contends, Skylink has violated the DMCA, 17 U.S.C. § 1201, *et seq.*

A number of facts relevant to this case are disputed. Most significantly, the parties disagree as to the purpose behind Chamberlain's rolling code GDO and the methodology of Skylink's Model 39 transmitter. The court will first set forth the technology and purpose behind Chamberlain's rolling code computer program before describing Skylink's universal transmitter.

³ Both sides agree that this court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a). In addition, both sides agree that venue is proper in this district pursuant to 28 U.S.C. § 1391.

Garage Door Openers

Chamberlain manufactures and markets a variety of GDOs. (Plf.'s 56.1 ¶ 1.) A GDO typically consists of a hand-held portable transmitter and a garage door opening device, which includes a receiver with a processing unit and a motor to open or close the user's garage door.⁴ (*Id.* ¶ 5.) In order to open or close the garage door, the user presses a button located on the transmitter, which in turn sends a radio frequency (RF) signal to the receiver located on the garage door opening device, which is attached to the garage ceiling. (*Id.*) Once this signal is received, the receiver relays that signal to the processing unit that directs the motor to open or close the garage door. (*Id.*) In order to prevent foreign or unauthorized transmitters from operating a homeowner's garage door, GDOs often utilize unique codes that link a transmitter to its own GDO system. (*Id.* ¶ 6.) As a result, the opening device must recognize the unique transmitter signal before activating the garage door motor. (*Id.*)

The code in the standard GDO transmitter is unique but fixed. Thus, according to Chamberlain, the typical GDO is vulnerable to attack by burglars who can open the garage door by utilizing a device referred to by Plaintiff as a "code grabber." (Declaration of James J. Fitzgibbon, (hereinafter, "Fitzgibbon Decl."), Ex. C to Plf.'s Memorandum, ¶ 7.) James Fitzgibbon, an electrical engineer for Plaintiff, explained that a "code grabber" allows a burglar to capture and record a coded RF signal as it is transmitted by a transmitter. (*Id.*) In order for a code grabber to successfully record a transmitted signal, the burglar must be physically present with his or her code

⁴ In support of this description of a standard GDO, Plaintiff has cited *Overhead Door Corp. v. Chamberlain Group, Inc.*, 194 F.3d 1261, 1264 (Fed. Cir. 1999). Defendant objects to Plaintiff's reliance on *Overhead Door*, claiming that the factual findings in that case are not binding on this court. (Defendant's Response to Plf.'s 56.1, (hereinafter, "Def.'s Resp."), ¶ 5.) The court agrees. The court in *Overhead Door* was addressing infringement claims related to certain patents held by Chamberlain, which are not relevant to Chamberlain's motion here. Although Defendant objects to the court's reliance on *Overhead Door*, there is no dispute concerning the accuracy of that court's description of GDO components.

grabber when the home owner is using the transmitter.⁵ Fitzgibbon explains that the burglar can then return at a later time, play back the RF recorded on the code grabber, and illegally obtain access to the homeowner's garage. (*Id.*)

Skylink disputes that code grabbing is a genuine problem and cites the testimony of Chamberlain's own witnesses. Fitzgibbon himself acknowledged he had no first hand knowledge of any instances of a code grabber being used to access a homeowner's garage. (Fitzgibbon Deposition, (hereinafter "Fitzgibbon Dep."), Ex. 2 to Declaration of Peter T. Christensen, at 36-37; see Def.'s Resp. ¶ 7.) Richard Allan Gregory, Chamberlain's national sales representative, retail products group, also testified that he has no personal knowledge of the use of code grabbers and does not have any data demonstrating that code grabbing is a problem. (Gregory Deposition, (hereinafter, "Gregory Dep."), Ex. 1 to Declaration of Peter T. Christensen, at 9, 120-125.) Fitzgibbon did use a code grabber himself, however, to determine that the signal transmitted by Skylink's Model 39 transmitter (the subject of this lawsuit) could be recorded and replayed to activate Chamberlain's rolling code GDO. (Fitzgibbon Decl. ¶ 16.)

Regardless of whether code-grabbing is a genuine problem for consumers, Chamberlain claims that it developed a "rolling code system" to address the problem. (Fitzgibbon Decl. ¶¶ 3, 4.) According to Chamberlain, its rolling code system will prevent a code grabber from gaining access to the garage because a component of the transmission code is always changing, so that a previously recorded signal will not activate the Chamberlain rolling code GDO. (*Id.*) Chamberlain uses a computer program in both the transmitter and the receiver of the GDO that constantly alters the code needed to actuate the garage door by using programs referred to as "rolling code" and marketed as the "Security+" line by Chamberlain. (*Id.* ¶ 4.) Chamberlain has a copyright on both computer programs used in its Security+ or rolling code GDOs; the transmitter computer program

⁵ Chamberlain does not explain how close the burglar and code grabber need to be to the transmitter to successfully record the transmitted signal.

is registered with the United States Copyright Office as No. TX5-533-065, (Certificate of Registration for Copyright No. TX5-533-065, Ex. A to Plf.'s Memorandum in Support of Summary Judgment), and the computer program in the receiver is registered with the United States Copyright Office as No. TX5-549-995, (Certificate of Registration of Copyright No. TX5-549-995, Ex. B to Plf.'s Memorandum in Support of Summary Judgment).

Operation of Chamberlain's Rolling Code Program

Unlike a typical GDO, the computer program in Chamberlain's Security+ transmitter transmits a digital encoded signal that has two components: (1) a unique fixed identification number (similar to those used in a standard GDO) and (2) a variable number ("rolling code"). (Fitzgibbon Decl. ¶ 3.) Both the identification code and the rolling code are represented by binary digits sent from the transmitter. (*Id.*) The fixed identification code remains the same, but the rolling code component changes by a factor of three every time the user presses the button on the transmitter. (*Id.*)

Before this signal is capable of activating a user's GDO, the code must first be programmed into the receiver of the rolling code GDO. After switching the Chamberlain GDO into the program mode, which can be done at any time during the life of the GDO, the user must press the transmitter button, at which time the fixed and rolling code are stored by the computer program in the receiver. (*Id.* ¶ 4.) The user then switches the Chamberlain GDO back into operate mode from which he can use his transmitter to remotely activate the garage door. (*Id.* ¶ 6.) When the programmed transmitter is next used, the computer program in the transmitter causes the identification code to be sent with the next rolling code in sequence (that is, the last rolling code increased by a factor of three) to the receiver. (*Id.*)

When the signal from the transmitter reaches the receiver, a computer program in the operating device determines whether the newly-received rolling code is identical to a previously-

received rolling code or within the previous 1,024 values (the "rear window"). (*Id.*) If the newly-received rolling code falls within the "rear window," the rolling code computer program in the receiver will not operate the GDO. (*Id.*) If the newly-received code's rolling code is one of the 4,096 values in advance of the previously-received rolling code (the "forward window"), the computer program accepts the new rolling code and operates the GDO. (*Id.*) Specifically, once an appropriate rolling code is received, the rolling code computer program in the receiver sends instructions to the microprocessor to operate the GDO. (*Id.*) This feature of the rolling code GDOs, according to Chamberlain, prevents code grabbers from gaining access to the garage because when a recorded code is replayed, the rolling code transmitted by the code grabber would most likely be in the rear window and would not operate the Chamberlain GDO. (*Id.*)

According to Chamberlain, the copyrighted rolling code computer program in the Security+ GDO deciphers and verifies whether the rolling code is valid and then, if it is, the program activates the motor that operates the garage door. Chamberlain characterizes that portion of the computer program that verifies the rolling code as a protective measure that controls access to Chamberlain's copyrighted computer program in its Security+ GDOs. (*Id.* ¶¶ 6, 7.) In other words, Chamberlain claims that the rolling code computer program has a protective measure that protects itself. Thus, only one computer program is at work here, but it has two functions: (1) to verify the rolling code and (2) once the rolling code is verified, to activate the GDO motor, by sending instructions to a microprocessor in the GDO.

Chamberlain describes the software as addressing rolling code values in the "forward window," (the 4,096 values after the previously-received rolling code) and the "rear window," (the 1,024 codes preceding the previously-sent rolling code). The "forward window" is a large one (i.e., it contains hundreds of codes) to allow for the possibility that the user may occasionally or even frequently depress the transmitter button while still outside the range of the GDO receiver. Pressing the button will cause the code to advance, but even when the user does so dozens of

times, the code will not move outside the "forward window." The court notes, however, that there are additional values recognized by the software that are outside the scope of both windows: When a transmitter relays a signal outside of either window, the rolling code software performs a readjustment process that in certain circumstances will allow the user to access his or her garage despite the fact that the rolling code value falls outside the forward window. (*Id.* ¶ 11.) When the receiver receives a rolling code that is both outside the forward window and the rear window, the user will be unable to access his or her garage with the first press of the transmitter button, but can gain access by immediately pressing the transmitter button a second time, while the GDO remains in the operate mode. (*Id.* ¶ 12.) Upon receiving the second code, the computer program considers the two codes together to determine whether the two rolling codes are separated by a factor of three. (*Id.*) If the sequence is proper, the rolling code computer program will treat the combination as a valid rolling code transmission. This process is called "resynchronization" and was included, according to Chamberlain, to address the possibility that a user may press the transmitter button so many times while out of range that the rolling code will exceed the last number in the forward window the next time the user is in range of the rolling code GDO. (*Id.*)

Skylink disputes a number of Chamberlain's assertions. First, although Skylink acknowledges that Chamberlain implemented a rolling code technique in its "Security+" brand GDOs, Skylink disputes that Chamberlain's "Security+" GDOs actually use the copyrighted software described above. In support of this assertion, Skylink again cites the deposition of James Fitzgibbon, who testified that the software copyrighted by Chamberlain as numbers TX5-533-065 and TX5-549-995 is not the exact software used in the current rolling code GDOs. (Fitzgibbon Dep., at 23-24.) Fitzgibbon also noted that there is a new version used in the current Security+ GDO and that the rolling code software is "always a work in progress." (*Id.* at 27, 183-84.)

Fitzgibbon explained that Chamberlain's copyrights were the starting point for the software used in the current rolling code GDOs and that the current computer program used in the rolling

code GDOs is a derivative work of the two copyrights identified above. (*Id.* at 23-24) Fitzgibbon stated later in a supplemental declaration that:

All versions of the software contained in Chamberlain rolling code GDO sold from 1996 to the present have the same rolling code functionality as the software contained in Chamberlain's copyrighted registrations. The differences in the various updated versions relate only to minor changes up to 2001, a rewriting of the software to operate with a Microchip microcontroller, and minor changes on the Microchip-compatible software since 2001.

(Fitzgibbon Supplemental Declaration, (hereinafter, "Fitzgibbon Suppl. Decl."), ¶ 8.)

Skylink's second factual challenge relates to discovery: Skylink asserts it is unable to respond fully to Chamberlain's claims regarding the rolling code computer program because Chamberlain withheld information regarding the program. (Declaration of Peter T. Christensen ¶ 6.) Specifically, according to Peter T. Christensen, one of Skylink's attorneys, Chamberlain has failed to provide: "(i) the source code for each computer program actually used in its GDOs, (ii) electronic copies of each computer program actually used in its GDOs, (iii) schematics for or summaries of each computer program actually used in its GDOs, or (iv) information regarding the authorship or ownership of each computer program actually used in its GDOs." (*Id.*) As a result, Defendant claims that it is unable to determine whether the software used in the Security+ GDO is properly copyrightable, or whether it is owned by or properly licensed to Chamberlain. (*Id.*)

Chamberlain insists it has provided the relevant information for the copyright-registered version of the computer program. (Certificate of Registration for Copyright No. TX5-533-065, Ex. A to Plf.'s Memorandum in Support of Summary Judgment; Certificate of Registration of Copyright No. TX5-549-995, Ex. B to Plf.'s Memorandum in Support of Summary Judgment.) Chamberlain claims, further, that the receivers for Chamberlain's rolling code GDOs "sold through 2001 used this [copyrighted] version as well as derivative works having insubstantial differences with respect to rolling code operation." (Suppl. Decl. of James Fitzgibbon ¶ 8.) Chamberlain also claims to have provided all versions of the rolling code computer program with its reply memorandum in

support of its summary judgment motion. (Plf.'s Reply Memorandum in Support of Summary Judgment, at 6 n.7.)⁶

Skylink's third factual challenge is to Chamberlain's assertion that its rolling code software prevents burglars from code grabbing and illegally accessing Chamberlain GDOs. Skylink notes that Plaintiff is unable to demonstrate that code grabbing is a problem and in fact lacks evidence that code grabbing occurs at all. In any event, Skylink contends, Chamberlain's rolling code technology does not actually prevent code grabbing. In support of this assertion, Plaintiff again cites the deposition of Fitzgibbon, in which Fitzgibbon stated that under certain circumstances a code grabber could still illegally access the Chamberlain Security+ GDOs. (Fitzgibbon Dep., at 44-46, 132-33.) Fitzgibbon explained that it is theoretically possible, through the resynching process, for a code grabber to record two transmissions in order and then play back these signals to gain access to the homeowner's garage. (*Id.* at 44-46.) Fitzgibbon explained, however, that this replaying would have to involve two rolling codes that are in exact numerical order and not in the "rear window."⁷ (*Id.*)

Lastly, Skylink maintains that the true purpose for implementing the rolling code computer program into the Security+ GDOs was to prevent signals from overhead planes from inadvertently activating Chamberlain GDOs. This assertion is supported by Dan Kaye, Chamberlain's Midwest regional sales manager, who stated that the rolling code technology was introduced because users were bothered by planes flying overhead and inadvertently activating the Chamberlain GDO. (Kaye

⁶ The court infers from this assertion that Chamberlain concedes it did not furnish the source code and relevant information for the computer program actually used in the Security+ GDOs now sold by Chamberlain prior to filing its reply.

⁷ Fitzgibbon also explained that it is possible for a code grabber to steal the transmitter, record two signals in exact order, and then return to the GDO to illegally enter by using the previously recorded codes. (*Id.* at 132-33.) The court notes, however, that a burglar who has stolen the transmitter would not need to bother recording signals at all; he could simply use the stolen device to access the garage.

Dep., at 16-19.) Kaye concluded that the rolling code GDOs were developed in response to customer complaints and requests for a solution around the time the rolling code technology was developed. (*Id.* at 19.) Kaye testified that he was not aware of any conversations at Chamberlain regarding this problem, however. (*Id.*) In fact, Kaye testified that he was not certain that planes flying overhead actually activated the GDOs, only that his customers complained about it. (*Id.* at 17.)

Skylink's Model 39 Transmitter

Both sides agree that "universal GDO transmitters" are marketed and sold to consumers as either replacements or as additional transmitters. (Def.'s 56.1 Statement of Additional Fact, (hereinafter, "Def.'s 56.1"), ¶ 55). Universal transmitters are manufactured by one company, but will work with a number of GDO brands, even if that GDO is manufactured by a different company. (*Id.* ¶¶ 55, 57.) Both parties agree, further, that Skylink and Chamberlain are the only significant distributors of universal GDO transmitters. (*Id.* ¶ 60.) Chamberlain manufactures and produces a universal transmitter called the "Clicker," which will work with Chamberlain GDOs as well as GDOs manufactured by other companies that do not utilize a rolling code system. (*Id.* ¶¶ 56, 57.) The Clicker also works with the Chamberlain rolling code GDO in the same manner as the original transmitter, utilizing the rolling code computer program. (*Id.*)

Both sides agree that Chamberlain does not place any restrictions on consumers regarding the type of transmitter they must buy to operate a Chamberlain rolling code GDO. (*Id.* ¶ 48.) In other words, Chamberlain does not advise consumers that they are limited to purchasing Clicker transmitters for any additional or replacement transmitters.

Skylink has been marketing and selling universal transmitters since 1992 (*id.* ¶ 58), but it did not distribute the transmitter at issue here, the Skylink Model 39, until August 2002. (*Id.* ¶ 64.) Both sides agree that the Model 39 transmitter was designed to allow the transmitter to function

with common GDOs, including both rolling code and non-rolling code GDOs. (*Id.* ¶¶ 67, 71.) Specifically, the Model 39 transmitter can function with at least 15 different brands and “dozens of different GDO models,” only a few of which include Chamberlain’s rolling code computer program. (*Id.* ¶ 77.) Although Chamberlain does not dispute that the Model 39 transmitter is capable of operating many different GDOs, it nevertheless asserts that Skylink markets the Model 39 transmitter for use in circumventing its rolling code computer program. (Chamberlain’s Reply to Def.’s 56.1 ¶ 84.) In support, Chamberlain points out that the Model 39 has one specific setting that operates Chamberlain’s rolling code GDOs and not any other brand. (Model 39 operating instructions, Ex. 2 to Plf.’s Memorandum in Support, at ¶ 2b & Chart 2).

It is undisputed by the parties that before a Model 39 transmitter can be used to open a Security+ GDO, the user must first store the Model 39 transmitter signal into the GDO’s memory. (Def.’s 56.1 ¶ 78.) Although the parties have not described the storing process for the Model 39 into the rolling code GDO, the court presumes, for the purposes of this motion, that the process is similar to the one that the user follows when storing a Chamberlain or Clicker transmitter signal into memory.

Philip Tsui, chief executive officer of Skylink, claims that the Model 39 transmitter and the accompanying software were independently developed and that Skylink did not copy the rolling code software to create the Model 39 transmitter. (Declaration of Philip Tsui, (hereinafter, “Tsui Decl.”), ¶ 4.) James Fitzgibbon, Chamberlain’s engineer, stated in his own declaration that the Skylink transmitter does not use a rolling code. (Fitzgibbon Decl. ¶ 11.) Chamberlain nevertheless disputes Skylink’s assertion that it developed its software independently. The court notes that Tsui testified that he did not play a part in designing the software.⁸ (Tsui Deposition, Ex. 13 to

⁸ Tsui, who says he is “the most knowledgeable person at Skylink” regarding the Model 39 transmitter, states in his declaration that he “developed a method for operating rolling code GDOs without any copying of rolling code software,” (Tsui Decl. ¶¶ 1,3), but the court (continued...)

Chamberlain's Reply, at 30-31, 35, 39.) Chamberlain has not charged Skylink with copyright infringement or contributory infringement in developing and marketing the Model 39 software, however. (Def.'s 56.1 ¶ 69.)

Chamberlain, but not Skylink, devotes substantial attention to the operations of the Model 39 transmitter. According to Chamberlain, the Skylink Model 39 transmitter is able to activate the Chamberlain rolling code GDOs by "representing" the resynchronization process of Chamberlain's rolling code software. (Fitzgibbon Decl. ¶ 13.) The Model 39 transmitter does so, according to Chamberlain, by transmitting three fixed codes in a row with each press of the transmitter button. These fixed codes serve to "represent" the transmission of three rolling code transmissions. (Fitzgibbon Decl. ¶¶ 13-15.) The first of these three is arbitrarily set by Skylink; the second fixed code is minus 1800 values from the first code, and the third fixed code is plus 3 values from the second code. (*Id.*) The combination of these three codes with a press of the Model 39 transmitter button will either cause the Chamberlain GDO to operate in response to the first fixed code or cause the GDO to resynchronize and operate in response to the second and third fixed codes. (*Id.*)

This procedure, according to Chamberlain, circumvents Chamberlain's rolling code computer program, thereby eliminating the important protective measure that prevents burglars with code grabbers from gaining unauthorized access to Chamberlain's Security+ GDOs. (*Id.* ¶ 16.) According to Chamberlain, homeowners who purchase the Chamberlain GDO rely on the security of the rolling code technology and then unwittingly remove the security measure by purchasing and utilizing a Model 39 transmitter. (*Id.* ¶ 7.) By using the Model 39 transmitter, Chamberlain contends, homeowners are deprived of protection from the rolling code technology to prevent unauthorized access by such burglars. (*Id.*) Because the Model 39 transmitter mimics

⁸(...continued)
disregards that statement to the extent it is inconsistent with Tsui's deposition testimony. (Tsui Dep. at 30-31, 35, 39.)

the resynchronization process with a series of three fixed codes, a code grabber would be able to record that transmission and play it back to illegally access a Chamberlain rolling code GDO.

Chamberlain's Injuries

Chamberlain's own universal transmitter, the "Clicker," has been commercially successful, amassing \$20 million in sales from 1998 to 2002. (Gregory Decl. ¶ 4.) One of the major purchasers of Chamberlain's Clicker universal transmitter is Lowe's Home Improvement Warehouse ("Lowe's"), which in 2001 accounted for more than \$1 million in net sales. (*Id.* ¶ 5.) Chamberlain claims that the marketing and distribution of the Model 39 transmitter has resulted in significant lost sales of Chamberlain's Clicker to Lowe's. (*Id.* ¶¶ 5, 6, 8, 10, 11.) Specifically, Chamberlain asserts that in July 2002, Dean Kochalka, the Lowe's merchandise manager for millwork products, informed Richard Allan Gregory, Chamberlain's national sales representative, that Lowe's was replacing the Clicker with Skylink's Model 39 transmitter. (*Id.* ¶ 10.) Chamberlain asserts, further, that Skylink began importing and selling the Model 39 transmitter to Lowe's as a means of circumventing Chamberlain's protective measures and gaining access to Chamberlain's copyrighted computer program. In support of this assertion, Chamberlain cites the packaging for the Model 39 transmitter, which states that the product is compatible with the "latest Rolling Code Technology", including Chamberlain's Security+ GDO. (Skylink Model 39 Universal Transmitter Package, Ex. E. to Plf's Memorandum in Support of Summary Judgment.) Skylink acknowledges selling the Model 39 transmitter to Lowe's, but claims its purpose in doing so was simply to provide a substitute or replacement universal transmitter to homeowners. (Def.'s Resp. ¶ 33; Tsui Decl. ¶¶ 6-12.)

In addition, Skylink claims that Lowe's stopped carrying the Clicker universal transmitter because of delivery problems and higher prices compared to that of other brands. (Gregory Dep., at 37-39.) Chamberlain agrees that some of its GDO products were no longer carried by Lowe's

because of price and late shipments, but points out that, as Richard Gregory testified, this decision did not include the Clicker universal transmitters. (*Id.* at 39.) Essentially, according to Gregory, there were two different instances in which Lowe's decided not to carry certain Chamberlain products. The first instance took place in January of 2002, when Lowe's decided to stop carrying Chamberlain GDOs in favor of other brands. (*Id.* at 37-38.) This decision did not impact the Clicker universal transmitter, which Lowe's continued to carry at its stores. (*Id.*) Chamberlain asserts that Lowe's did stop carrying Clicker transmitters a few months later because Skylink developed a universal transmitter that worked with rolling code GDOs and sold at a lower price than Chamberlain's Clicker universal transmitter; but the only evidence Chamberlain cites for this assertion is hearsay. (*Id.* at 39-40.) In any event, the court does not believe this statement, if admissible, would establish that Chamberlain is entitled to summary judgment.

For the purposes of this motion, both sides agree that although Skylink has marketed its Model 39 to at least one other retailer as capable of operating Chamberlain's rolling code GDOs, Chamberlain did not lose sales to any seller, other than Lowe's, because of Skylink's product. (Def.'s 56.1 ¶ 86; Gregory Decl. ¶ 12.)

DISCUSSION

I. Summary Judgment Standard

Summary judgment is warranted where "there is no genuine issue as to any material fact and the moving party is entitled to a judgment as a matter of law." FED. R. CIV. P. 56(c); *Becton Dickinson and Co. v. C.R. Bard, Inc.*, 922 F.2d 792, 795 (Fed. Cir.1990); *Southwall Technologies, Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1575 (Fed. Cir.1995). Material facts are those that might affect the lawsuit under the governing substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The court will draw all reasonable factual inferences in favor of the non-moving party. *Id.* at 255. "For the grant of summary judgment there must be no material fact in dispute,

or no reasonable version of material fact upon which the nonmovant could prevail." *Brown v. 3M*, 265 F.3d 1349, 1351 (Fed. Cir. 2001). With these standards in mind, the court now addresses the parties' motions.

II. The Digital Millennium Copyright Act

In moving for summary judgment, Plaintiff argues that the Skylink Model 39 Universal Transmitter violates the Digital Millennium Copyright Act (DMCA), 17 U.S.C. 1201(a)(2), because it illegally circumvents a protective measure (the rolling code) that controls access to its copyrighted computer program in Chamberlain's Security+ GDOs. Specifically, Chamberlain claims that Skylink has violated 17 U.S.C. § 1201(a)(2) of the DMCA, which states:

(2) No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that--
(A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title;

(B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under this title; or

(C) is marketed by that person or another acting in concert with that person with that person's knowledge for use in circumventing a technological measure that effectively controls access to a work protected under this title.

(17 U.S.C. § 1201(a)(2)). As is clear from the statute itself, the DMCA prohibits any product that satisfies any one of the three bases of liability listed above. *RealNetworks, Inc. v. Streambox, Inc.*, No. 2:99CV02070, 2000 WL 127311, *7 (W.D. Wash. 2000); *Sony Computer Entm't Am., Inc. v. Gamemasters*, 87 F. Supp. 2d. 976, 987 (N.D. Cal. 1999). The DMCA also provides definitions for certain terms relevant to all three bases of liability listed above:

(A) to "circumvent a technological measure" means 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; and

(B) 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.

17 U.S.C. § 1201(a)(3)(A), (B).

The DMCA was enacted in 1998 to implement the World Intellectual Property Organization Copyright Treaty and serves as a means to better protect copyright in the digital age. *Universal City Studio, Inc. v. Corley*, 273 F.3d 429, 440 (2d Cir. 2001). In passing the DMCA, Congress specifically addressed the protection of copyrighted material transmitted over the Internet:

The digital environment now allows users of electronic media to send and retrieve perfect reproductions of copyrighted material easily and nearly instantaneously, to or from locations around the world. With this evolution in technology, the law must adapt in order to make digital networks safe places to disseminate and exploit copyrighted works.

H.R. REP. NO. 105-551, Part 1, 105th Cong., 2d Sess. (1998). In *Universal City Studios*, the Second Circuit affirmed an injunction in favor of motion picture studios against the owners of Internet web sites who had posted and permitted downloading of computer software that decrypted digitally encrypted movies on DVDs. Our own Court of Appeals affirmed an injunction that effectively shut down the "Aimster" Internet service from facilitating the swapping of digital copies of popular music, most of it copyrighted, over the Internet. *In re Aimster Copyright Litigation*, 334 F.3d 643 (7th Cir. 2003). In *Pearl Investments, LLC v. Standard I/O, Inc.*, 257 F. Supp. 2d 326, 350 (D. Me. 2003), the court found a genuine issue of material fact regarding whether or not defendant Jesse Chunn had violated the DMCA by circumventing the "protections of Pearl's encrypted, password-protected virtual private network . . . to gain access to" software programs that plaintiff used in operating an automated stock-trading system. *Id.* In *re Verizon Internet Services, Inc.*, 257 F. Supp. 2d 244, 275 (D.D.C. 2003), was an Internet service provider's unsuccessful challenge to the constitutionality of subpoena power established by the DMCA, exercised in that case by the Recording Industry Association of America to obtain the name of a Verizon user who infringed copyrights by permitting others to download hundreds of copyrighted songs from the Internet.

It is undisputed that the DMCA's application is not limited to the Internet, however. See

Lexmark Int'l, Inc. v. Static Control Components, Inc., 253 F. Supp. 2d 943, 966-67 (E.D. Ky. 2003) ("[t]he DMCA was enacted to prohibit, *inter alia*, the trafficking of products or devices that circumvent the technological measures used by copyright owners to restrict access to their copyrighted works."). In *Lexmark*, the court granted a preliminary injunction in favor of Lexmark to prevent Defendant Static Control Components from marketing a computer chip it developed to circumvent Lexmark's "authentication sequence" that insures that a Lexmark printer is used with a Lexmark toner cartridge. *Id.* at 952. This authentication sequence is carried out by a computer program contained in a microchip on the toner cartridge and a program in the laser printer. *Id.* at 952. If the sequence is not done properly, the laser printer will not allow the toner cartridge to access and operate the copyrighted computer programs, which control the various functions of the laser printer. *Id.* Defendant developed a "SMARTEK" computer chip that allows an "unauthorized" toner cartridge to circumvent the authentication sequence and in turn, access the copyrighted computer programs that operate the Lexmark laser printer. *Id.* at 955. The district court granted a preliminary injunction, finding that Lexmark demonstrated a likelihood of success on all three bases of liability under Section 1201(a)(2). *Id.* at 974; *see also Static Control Components, Inc. v. Dallas Semiconductor Corp., et al.*, 2003 WL 21666582 (M.D.N.C. July 16, 2003) (declaratory judgment action on same dispute as in *Lexmark*).

Chamberlain insists that the plain language of the Act shows that it applies here, as well. According to Chamberlain, the rolling code computer program is a technological measure that "effectively controls access to a work," and the Model 39 transmitter circumvents this technological measure. Chamberlain maintains that the rolling code component of its copyrighted software protects access to the portion of the software that actuates the GDO. Thus, Chamberlain argues, the Model 39 transmitter circumvents the rolling code protective measure to gain access to the copyrighted software necessary to operate its GDO.

Chamberlain argues that the Model 39 transmitter violates the Act in all three ways

described under 17 U.S.C. § 1201(a)(2). Chamberlain believes the Model 39 transmitter violates section 1201(a)(2)(A) because the transmitter is primarily designed to circumvent the protective measure to gain access to Chamberlain's copyrighted computer program. Chamberlain claims that the transmitter violates Section 1201(a)(2)(B) because the transmitter has only limited commercial purpose or use other than for circumvention of Chamberlain's rolling code GDO. Lastly, Chamberlain argues that Skylink's Model 39 violates Section 1201(a)(2)(C) because the product is marketed for circumvention of Chamberlain's rolling code computer program.

Skylink responds by raising a number of arguments in opposition to Chamberlain's summary judgment motion, including that: (1) the Model 39 transmitter serves a variety of functions that are unrelated to circumvention; (2) Chamberlain has failed to demonstrate that its GDOs contain a computer program protected by copyright; (3) consumers use the Model 39 transmitter to activate the Security+ GDOs with Chamberlain's consent; (4) Skylink has not violated the DMCA because it falls within a safe harbor provision of the Act; and (5) Chamberlain's rolling code computer program does not protect a copyrighted computer program, but instead protects an uncopyrightable process.

Some of the issues raised here appear to be matters of first impression in this Circuit. As noted, the Seventh Circuit did address the Act in *In re Aimster Copyright Litig.*, 334 F.3d 643 (7th Cir. 2003), but the dispute in that case involved certain safe harbor provisions of the DMCA that are not raised here. The *Aimster* court did not examine Section 1201(a)(2)(A) of the Act, which is at issue in this case.

The Purpose of the Skylink Model 39 Transmitter

Skylink argues, first, that it is not liable under the DMCA sections 1201(a)(2)(A) and (B) because its product is not produced for the sole purpose of operating Chamberlain's rolling code GDOs. Instead, Skylink argues, the Model 39 transmitter operates a variety of GDO brands, which

including both rolling code GDOs and non-rolling code GDOs. Chamberlain acknowledges that the Model 39 transmitter can operate GDOs other than Chamberlain's rolling code models. Chamberlain points out, however, that the transmitter has one setting that has no purpose other than operating the Security+ GDOs. This feature by itself establishes Skylink's liability under the DMCA, in Chamberlain's view. Notably, both sides rely on *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 319 (S.D.N.Y. 2000), *aff'd Universal City Studios v. Corley*, 273 F.3d 429 (2d Cir. 2001)⁹, and *RealNetworks, Inc. v. Streambox, Inc.*, No. 2:99CV02070, 2000 WL 127311 (W.D. Wash. 2000), in support of their arguments.

In *Reimerdes*, plaintiff, a group of motion picture studios, sought an injunction under the DMCA to prohibit illegal copying of digital versatile disks (DVDs). 111 F. Supp. 2d at 308. Plaintiff presented evidence that each motion picture DVD includes a content scrambling system (CSS) that permits the film to be played, but not copied, using DVD players that have plaintiff's licensed decryption technology. *Id.* Defendant, a computer hacker, provided a link on his website which allows an individual to download "DeCSS," a software program that allows the user to circumvent the CSS protective system and view or copy a motion picture from a DVD, regardless of whether or not the user has a DVD player with the licensed technology. *Id.* The court found that defendant had violated 17 U.S.C. § 1201(a)(2)(A) because the DeCSS software had only one purpose: to decrypt CSS. *Id.* at 319, 346.

In addition, both sides cite *RealNetworks, Inc.*, in which the plaintiff obtained a preliminary injunction under the DMCA, barring defendant from manufacturing and selling one of its own products, the Streambox VCR. 2000 WL 127311, at *1. Plaintiff RealNetworks markets a software

⁹ The court notes that the district court's decision in *Universal City Studios* was later affirmed by the Second Circuit Court of Appeals in *Universal City Studios v. Corley*, 273 F.3d 429 (2d Cir. 2001). Both sides here rely on the district court's decision in this case, rather than the Second Circuit's decision, presumably because the district court, but not the Court of Appeals, addressed Section 1201(a)(2)(A).

product that allows the owners of audio and visual content to send this information over the Internet, but at the same time prevent the end user from copying these copyrighted materials. *Id.* Specifically, plaintiff developed a method to "stream" an audio or visual clip to an end user, which means that the clip is sent to the consumer, but no trace of the clip is left on the user's computer and the user is prevented from downloading the streamed clip. *Id.* at *2. Plaintiff adopted two protective measures to insure that the clips are not downloaded or copied by an end user without the owner's permission. *Id.* The first security measure is the "Secret Handshake," an authentication sequence which insures that RealNetwork clips are only sent to computers with RealPlayer software, a software program developed by RealNetwork. *Id.* In addition, each of the clips sent from a RealNetwork's server has a "Copy Switch," a piece of data in each clip, allowing the owner of the clip to decide whether a user is permitted to copy or download the clip. *Id.* The RealPlayer software contained on the user's computer will read this piece of data and respect the owner's preference. *Id.*

Defendant Streambox developed a product called the Streambox VCR that permits its users to access and download material located on the RealNetwork servers, despite the fact that the product does not run the RealPlayer software. *Id.* at *4. The Streambox VCR is able to access RealNetwork material by first mimicking the functions of the RealPlayer Software, or the "Secret Handshake" sequence, and then ignoring or circumventing the "Copy Switch," thereby enabling the user to copy clips with or without the owner's permission. *Id.* In this case, the Streambox VCR had some legitimate purposes that did not violate the DMCA, such as copying files that are freely available on various websites for downloading. The court nevertheless concluded that "a part of the Streambox VCR is primarily, if not exclusively, designed to circumvent the access control and copy protection measures that RealNetworks affords to copyright owners." *Id.* at *8. Thus, the court found that the basis for liability was met under 17 U.S.C. § 1201(a)(2)(A) and granted the plaintiff's request for a preliminary injunction. In addition, the court found that the basis for liability

was also met under Section 1201(a)(2)(B) because the "portion of the VCR that circumvents the Secret Handshake so as to avoid the Copy Switch has no significant commercial purpose other than to enable users to access and record protected content." *Id.* The court stated, moreover, that this portion of the VCR does not appear to have any additional commercial value.

Skylink argues that these cases demonstrate that Section 1201(a)(2)(A) and (B) only apply to products that have one purpose: decrypting or circumventing protective measures. In other words, according to Skylink, if the product serves any legitimate purpose, Section 1201(a)(2)(A) and (B) should not apply. In this court's view, however, both the cases described above and the plain language of the DMCA demonstrates the opposite. First, in *Reimerdes*, the court was presented with a straightforward case in which the only use of the accused product was to circumvent the protective measure, put in place by plaintiff, to protect its motion pictures from piracy. This holding does not establish that a product that has multiple purposes is exempt from the DMCA. Indeed, in the *RealNetworks* case, the court was presented with a product that had both a legitimate purpose and also functioned as a means to circumvent the plaintiff's protective measures. The *RealNetworks* court found that the portion of the product that circumvented the protective measure was enough to violate the DMCA.

The court notes, however, that Skylink has provided evidence that the Model 39 transmitter serves purposes other than circumventing. It is now Chamberlain's burden to establish that those other purposes do not prevent this court from finding the Model 39 in violation of the DMCA. For purposes of this decision, the court will assume that Chamberlain has done so. Like the Plaintiff in *RealNetworks*, Chamberlain has demonstrated that the Model 39 transmitter has one particular setting that serves only one function: to operate the Chamberlain rolling code GDO. Accordingly, the fact that the Model 39 transmitter serves more than one purpose may not be sufficient to deny summary judgment in this matter. The court therefore turns to certain other arguments raised by Defendant in opposition to Plaintiff's motion.

Is the Rolling Code Computer Program Protected by Copyright?

Skylink argues, next, that there is a disputed issue concerning whether Chamberlain's rolling code computer program is in fact protected by copyright. This issue is significant because section 1201(a)(2) of the DMCA states that a technological measure must "effectively control[] access to a work protected under this title." 17 U.S.C. 1201(a)(2). Accordingly, Chamberlain's computer program must be protected by copyright in order for the DMCA to apply to its computer program. Skylink argues that there are disputed issues of fact regarding whether the copyrighted version of the rolling code computer program is in fact the same program used in the Security+ GDOs and whether the actual computer program used in the Security+ GDOs is protected by copyright. Chamberlain notes that an original work need not be registered in order to enjoy copyright protection. See 17 U.S.C. § 102 ("Copyright protection subsists, in accordance with this title, in original works of authorship . . ."); *Montgomery v. Noga*, 168 F.3d 1282, 1288 (11th Cir. 1999) ("For original computer programs and other original works of authorship created after 1977, copyright automatically inheres in the work at the moment it is created without regard to whether it is ever registered.") Chamberlain observes, further, that copyright protection extends to derivative works, that is, to works based on one or more preexisting works. 17 U.S.C. §§ 101, 103. Thus, Chamberlain urges, the software in the Security+ device is protected because it is based on Chamberlain's copyrighted software.

Skylink points out that the copyrighted rolling code computer program is not the exact computer program used in the current Security+ GDOs. (Fitzgibbon Dep., at 23-24.) Skylink has not addressed Chamberlain's contention that its rolling code computer programs are protected as derivative works. The court notes, however, that Plaintiff did not supply the most recent version of the rolling code software until filing its reply brief for the purposes of this motion. (Reply Memorandum, at 6 n.7.) Although Fitzgibbon claimed that all of the computer programs have the

same "functionality" and are "derivative" works, the court is not willing to find that this establishes copyright protection when the Defendant has not had a sufficient opportunity to review the relevant computer program. As a result, the court finds that a disputed issue of fact exists regarding whether or not the current rolling code computer program is in fact protected by copyright.

Does Model 39 Function without the Authorization of Chamberlain?

Another dispute could serve as an independent basis for denial of the motion. Defendant contends that a question of fact exists regarding whether or not the consumer's use of the Model 39 transmitter with Chamberlain's rolling code GDOs is unauthorized for the purposes of the DMCA. To establish a violation of § 1201(a)(2) of the DMCA, a plaintiff must demonstrate that a defendant's product circumvents a technological measure. The DMCA explains that to "'circumvent a technological measure' means 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.*" 17 U.S.C. § 1201(a)(3)(A) (emphasis added). As a result, in order for Skylink to be liable under any of the three bases, Chamberlain must demonstrate that the Model 39 transmitter provides unauthorized access to Chamberlain's software. See 17 U.S.C. § 1201(a)(2).

Skylink asserts that Chamberlain can not do so on these facts. Skylink observes that a homeowner who purchases a Chamberlain GDO owns it and has a right to use it to access his or her own garage. Before the transmitter is capable of operating the rolling code GDO, Skylink notes, the homeowner must program the Model 39 transmitter into the GDO. This demonstrates, Skylink urges, that the homeowner herself has authorized the use of the Model 39 transmitter. In addition, as Richard Allan Gregory explained, the packaging for the Security+ GDO does not include "any restrictions on a consumer's ability to buy a replacement transmitter or additional transmitter." (Gregory Dep., at 174-75.) Nor is there any other evidence that Chamberlain

instructs consumers that they are restricted to purchasing Chamberlain transmitters for use with the Chamberlain GDO.

Based on these facts, Skylink argues that consumers who purchase a Chamberlain GDO are free to purchase any after-market transmitter, whether or not it is manufactured by Chamberlain. Thus, those Chamberlain GDO consumers who purchase a Skylink transmitter are not accessing the GDO without the authority of Chamberlain, but instead, have the tacit permission of Chamberlain to purchase any brand of transmitter that will open their GDO.

In Chamberlain's view, this same argument was rejected in *Reimerdes*, where the court observed:

Decryption or avoidance of an access control measure is not "circumvention" within the meaning of the statute unless it occurs "without the authority of the copyright owner." 17 U.S.C. §§ 1201(a)(3)(A). Defendants posit that purchasers of a DVD acquire the right "to perform all acts with it that are not exclusively granted to the copyright holder." Based on this premise, they argue that DeCSS does not circumvent CSS within the meaning of the statute because the Copyright Act does not grant the copyright holder the right to prohibit purchasers from decrypting. As the copyright holder has no statutory right to prohibit decryption, the argument goes, decryption cannot be understood as unlawful circumvention. Def. Post-Trial Mem. 10-13. The argument is pure sophistry. The DMCA proscribes trafficking in technology that decrypts or avoids an access control measure without the copyright holder consenting to the decryption or avoidance. See JUDICIARY COMM.REP. at 17-18 (fair use applies "where the access is authorized").

111 F. Supp. 2d at 317 n.137. Chamberlain believes this language resolves the user-authorization issue here, too, but the court disagrees. The district court in *Reimerdes* was looking at a set of facts quite distinct from those presented here: Plaintiff there had encoded its DVD's and licensed the software necessary to circumvent this encoding process to manufacturers of DVD players. As a result, the plaintiff in *Reimerdes* did in fact authorize certain circumvention of its technological protective measure pursuant to a license. It did not authorize circumvention by means of non-licensed software.

In this case, Plaintiff sells a GDO to a homeowner who then utilizes the product to access his or her own garage. As pointed out above, there are no limitations placed on the homeowner

who buys the Chamberlain rolling code GDO, regarding which type of replacement or additional transmitter he or she purchases to access the GDO. The court notes, further, that there is a history in the GDO industry of universal transmitters being marketed and sold to allow homeowners an alternative means to access any brand of GDO. (Def.'s 56.1 ¶¶ 55-58.) In fact, Chamberlain's own Clicker transmitter is capable of activating a variety of GDO brands. (*Id.* ¶ 57.) Furthermore, the homeowner has a legitimate expectation that he or she will be able to access the garage even if his transmitter is misplaced or malfunctions. During oral arguments on this motion, Plaintiff acknowledged that under its interpretation of DMCA, a garage owner violates the Act if he or she loses the transmitter that came with its Chamberlain rolling code GDO, but manages to operate the opener by somehow circumventing the rolling code. This court agrees with Defendant that the DMCA does not require such a conclusion.

Finally, the court notes its appreciation for *amicus* briefs filed by Consumers Union and by the Computer and Communications Industry Association (CCIA). Consumers Union argues that Chamberlain's interpretation of the DMCA as prohibiting after-market replacement transmitters would have the effect of stifling innovation and increasing consumer prices. A ruling in favor of Chamberlain on this motion, would, Consumers Union argues, leave consumers who own the Security+ product only one choice for an additional or replacement transmitter: the Chamberlain Clicker. CCIA argues that the court should deny summary judgment because Skylink's activities fall within § 1208(f) of the DMCA, which permits circumvention of a protective measure for the purpose of achieving interoperability. The court reaches neither of these arguments on this motion, but notes that for reasons identified by Skylink or by *amici*, Skylink itself may be entitled to summary judgment on Count III.

CONCLUSION

The court concludes there are disputes of material fact concerning whether the computer

program in Chamberlain's rolling code is a work protected by copyright and whether the owner of a Chamberlain rolling code GDO is authorized to use the Model 39 universal transmitter. Plaintiff's motion for summary judgment on Count III is denied.

ENTER:

Dated: August 29, 2003


REBECCA R. PALMEYER
United States District Judge

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Rebecca R. Pallmeyer	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	02 C 6376	DATE	8/25/2003
CASE TITLE	The Chamberlain Group, Inc. vs. Skylink Technologies, Inc.		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

--

DOCKET ENTRY:

SEP 03 2003

- (1) ☐ Filed motion of [use listing in "Motion" box above.]
- (2) ☐ Brief in support of motion due _____.
- (3) ☐ Answer brief to motion due _____. Reply to answer brief due _____.
- (4) ☐ Ruling/Hearing on _____ set for _____ at _____.
- (5) ☐ Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (6) ☐ Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (7) ☐ Trial[set for/re-set for] on _____ at _____.
- (8) ☐ [Bench/Jury trial] [Hearing] held/continued to _____ at _____.
- (9) ☐ This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to]
☐ FRCP4(m) ☐ Local Rule 41.1 ☐ FRCP41(a)(1) ☐ FRCP41(a)(2).
- (10) ☒ [Other docket entry] Motion to dismiss Count II (Doc. No. 8-1) is granted nunc pro tunc March 25, 2003, without prejudice to Plaintiff's reasserting its '703 patent claims if the Federal Circuit reverses Judge Conlon's decision in Chamberlain Group, Inc. v. Interlogix, Inc., No. 01 C 6157. The court understands that Chamberlain's continued inclusion of Count II in its subsequent submissions serves to preserve its claims under that patent.
- (11) ☐ [For further detail see order (on reverse side of/attached to) the original minute order.]

<input type="checkbox"/> No notices required, advised in open court.	U.S. DISTRICT COURT CLERK AUG 26 PM 2:24 FILED FOR DOCKETING -03	number of notices	Document Number 139
<input type="checkbox"/> No notices required.		AUG 27 2003 date docketed	
<input type="checkbox"/> Notices mailed by judge's staff.		<i>HP</i> docketing deputy initials	
<input type="checkbox"/> Notified counsel by telephone.		date mailed notice	
<input checked="" type="checkbox"/> Docketing to mail notices.		mailing deputy initials	
<input type="checkbox"/> Mail AO 450 form.			
<input checked="" type="checkbox"/> Copy to judge/magistrate judge.			
ETV	Pabrick courtroom deputy's initials		

A 04158

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Rebecca R. Pallmeyer <i>RP</i>	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	02 C 6376	DATE	10/23/2003
CASE TITLE	The Chamberlain Group, Inc. vs. Skylink Technologies, Inc.		

[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

--

DOCKET ENTRY:

OCT 28 2003

- (1) ☐ Filed motion of [use listing in "Motion" box above.]
- (2) ☐ Brief in support of motion due _____.
- (3) ☐ Answer brief to motion due _____. Reply to answer brief due _____.
- (4) ☐ Ruling/Hearing on _____ set for _____ at _____.
- (5) ☐ Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (6) ☐ Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
- (7) ☐ Trial[set for/re-set for] on _____ at _____.
- (8) ☐ [Bench/Jury trial] [Hearing] held/continued to _____ at _____.
- (9) ☐ This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to]
☐ FRCP4(m) ☐ Local Rule 41.1 ☐ FRCP41(a)(1) ☐ FRCP41(a)(2).

(10) ☒ [Other docket entry] IT IS HEREBY ORDERED: Counts IV through VII of the Second Amended Complaint and Counts I through VII of the Amended Answer and Counterclaim are dismissed with prejudice pursuant to Fed.R.Civ.P. 41(a). Counts I and VIII of the Second Amended Complaint are dismissed without prejudice pursuant to Fed.R.Civ.P. 41(a). The dismissal of the patent claims is without prejudice solely for the purpose of permitting the maintenance of the patent claims in the ITC investigation and nowhere else as per the agreement of the parties. Discovery is stayed until after ruling on the pending motion for summary judgment on Chamberlain's DMCA claim. Chamberlain has withdrawn its currently-pending motion for leave to file a Third Amended Complaint.

(11) ☒ [For further detail see order attached to the original minute order.]

<input type="checkbox"/> No notices required, advised in open court.	U.S. DISTRICT COURT 03 OCT 27 12:10:00 Date/time received in central Clerk's Office	7 number of notices	182
<input type="checkbox"/> No notices required.		OCT 28 2003 date docketed	
<input checked="" type="checkbox"/> Notices mailed by judge's staff.		<i>RP</i> docketing deputy initials	
<input type="checkbox"/> Notified counsel by telephone.		10/24/2003 date mailed notice	
<input type="checkbox"/> Docketing to mail notices.		ETV	
<input type="checkbox"/> Mail AO 450 form.		mailing deputy initials	
<input checked="" type="checkbox"/> Copy to judge/magistrate judge.	ETV courtroom deputy's initials		

A 05499

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

THE CHAMBERLAIN GROUP, INC.,)	Civil Action No. 02 C 6376
)	
Plaintiff and Counterdefendant,)	The Honorable Rebecca R. Pallmeyer
)	
v.)	Magistrate Judge Edward A. Bobrick
)	
SKYLINK TECHNOLOGIES, INC.,)	
)	
Defendant and Counterclaimant.)	

DOCKETED
OCT 28 2003

[PROPOSED] ORDER

This matter coming to be heard on the parties' JOINT MOTION TO DISMISS NON-DMCA CLAIMS AND COUNTERCLAIMS, and the Court having considered the matter,


IT IS HEREBY ORDERED:

1. Counts IV through VII of the Second Amended Complaint and Counts I through VII of the Amended Answer and Counterclaim are dismissed with prejudice pursuant to Fed.R.Civ.P. 41(a).
2. Counts I and VIII of the Second Amended Complaint are dismissed without prejudice pursuant to Fed.R.Civ.P. 41(a). Chamberlain has agreed to pursue the pending patent claims solely in the co-pending ITC investigation, entitled *In the Matter of Certain Universal Transmitters for Garage Door Openers*, Inv. No. 337-TA-497, and in no other court or forum. The dismissal of the patent claims is without prejudice solely for the purpose of permitting the maintenance of the patent claims in the ITC investigation and nowhere else as per the agreement of the parties.
3. Discovery is stayed until after ruling on the pending motion for summary judgment on Chamberlain's DMCA claim.

4. Chamberlain has withdrawn its currently-pending motion for leave to file a Third Amended Complaint and will not seek to add additional parties.

SO ORDERED:

Date: October 23, 2003



THE HONORABLE REBECCA R. PALMEYER
UNITED STATES DISTRICT COURT JUDGE

CERTIFICATE OF SERVICE

This will certify that the original and twelve (12) copies of the foregoing BRIEF OF PLAINTIFF-APPELLANT were served on February 13, 2004 via Federal Express on:

Clerk
U.S. Court of Appeals for the Federal Circuit
717 Madison Place NW
Washington, DC 20439;

and that two (2) copies of the foregoing BRIEF OF PLAINTIFF-APPELLANT were served on February 13, 2004 via Federal Express on:

Andra Barmash Greene, Esq.
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attorneys for Defendant-Appellee.

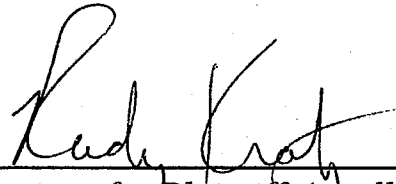


*Attorney for Plaintiff-Appellant, The Chamberlain
Group, Inc.*

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 11,056 words, excluding the parts of the brief exempted by Fed.R.App.P. 32(a)(7)(B)(iii).

This brief complies with the typeface requirements of Fed.R.App.P. 32(a)(5) and the type style requirements of Fed.R.App. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using WordPerfect Version 10.0 on a Windows XP platform in 14 point Times New Roman Regular.

A handwritten signature in black ink, appearing to read "Rudy Krot", is written over a horizontal line.

Attorney for Plaintiff-Appellant, The Chamberlain Group, Inc.

Date: February 13, 2004