Before the United States Senate
Committee on the Judiciary
Subcommittee on Intellectual Property

Hearing on the Digital Millennium Copyright Act at 22:
What Is It, Why It Was Enacted, And Where Are We Now

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Chairman Tillis, Ranking Member Coons, and Members of the Subcommittee:

Thank you for the opportunity to share my recollections concerning the deliberations that resulted in the Digital Millennium Copyright Act ("DMCA").

In the mid-1990s, I was a partner at the D.C. office of the law firm Morrison & Foerster. For various clients, I worked on three of the six titles of the House-passed DMCA. (Each of those titles initially was a stand-alone bill.) Fortunately, the Senate passed only five of those titles, rejecting the title concerning database protection. The negotiations concerning Titles I and II were extraordinarily complex, with many side discussions. I will focus on the parts of the negotiations in which I was involved.

I. Prohibition on Circumvention

The concept of prohibiting the circumvention of technological protection measures ("TPMs") appears to have been born in Europe, where such a prohibition was included in the Software Directive adopted in 1991. In July 1994, the Clinton Administration's Working Group on Intellectual Property (chaired by Bruce Lehman, the Commissioner of Patents and Trademarks), issued a Green Paper that proposed a prohibition on the production and distribution of hardware and software tools that circumvent anti-copying technology. The Green Paper's logic was as follows: Digital networks enabled the widespread infringement of copyrighted works. Technological measures could prevent this infringement. However, the technological measures could be circumvented. Accordingly, legal remedies against the manufacture and distribution of circumvention tools needed to be adopted.

The problem with this approach is that there could be legitimate reasons for wanting to circumvent a TPM. My clients, for example, developed software that interoperated with the software of established firms.[1] In order to uncover the software interfaces that enabled interoperability, a developer needed to reverse engineer the software with which he wanted to interoperate. This reverse engineering required the making of temporary copies of the target software. In 1992, both the Ninth Circuit and the Federal Circuit found that fair use permitted the copying that occurred during the course of software reverse engineering.[2] Our concern with the Green Paper's proposal was that it would prohibit the circumvention of a "digital lock" a software company used to prevent reverse engineering. In other words, the Green Paper could prevent a developer of interoperable products from exercising his fair use privileges recognized in *Sega* and *Atari*.

I spent the next four years lobbying Congress to make sure that any circumvention prohibition did not interfere with software interoperability. What was particularly frustrating about this effort was that the EU Software Directive, which introduced the concept of prohibiting the circumvention of TPMs, contained an exception that permitted circumvention for the purpose of achieving interoperability. In other words, I spent four years to get an exception here that the EU had all along.

After the Clinton Administration's Working Group on Intellectual Property released its White Paper in September 1995, its legislative proposals relating to circumvention were introduced in both chambers.[3] Those of us concerned about the overbreadth of the proposed prohibition initially focused our efforts on narrowing its scope. We tried to limit the prohibition to

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[1] The interoperable developers were members of the American Committee for Interoperable Systems and the Computer & Communications Industry Association.
[2] *Sega Enters., Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992); *Atari Games Corp. v. Nintendo of America*, 975 F.2d 832 (Fed. Cir. 1992).
[3] S. 1284 and H.R. 2441.

circumvention (and circumvention tools) intended to facilitate infringement. Key members of Congress agreed with us that the Clinton Administration's approach was too broad.

But then PTO Commissioner Lehman did an end-run around Congress. He introduced his anti-circumvention language in the World Intellectual Property Organization ("WIPO"), which was considering new copyright treaties. Senate Judiciary Committee Chairman Orrin Hatch made it clear that he did not want the WIPO process to preempt Congress's consideration of the pending legislation in any way. Nonetheless, Commissioner Lehman aggressively pushed the circumvention issue at the WIPO Diplomatic Conference in Geneva in December of 1996. At the Diplomatic Conference, WIPO adopted a Copyright Treaty and a Performances and Phonograms Treaty. Both treaties contained provisions requiring contracting parties to provide legal remedies against the circumvention of technological measures that protect authors' copyrights.

After the conclusion of the Diplomatic Conference, the PTO under Commissioner Lehman's direction formulated new anti-circumvention language to implement the WIPO treaties. This language was submitted to Congress in July, 1997. At a hearing before the House Judiciary IP Subcommittee, Commissioner Lehman conceded that the legislation he was advocating was broader than what was required by the WIPO treaties.[4] Nevertheless, the WIPO Treaties gave the legislation momentum, and there was no possibility of narrowing its scope. The legislation further gained momentum in 1998 when Chairman Hatch married the TPM legislation with the online service provider safe harbor legislation, discussed below. Instead of narrowing the TPM bill's scope, we now had to seek carve-outs. Chairman Hatch instructed the stakeholders to go off and negotiate deals. I negotiated the interoperability exception (what is now 17 U.S.C. § 1201(f)) with the Business Software Alliance via fax while I was on vacation in Colorado. We negotiated the encryption research exception (now 17 U.S.C. § 1201(g)) at my dining room table.

[4] WIPO Copyright Treaties Implementation Act and Online Copyright Liability Limitation Act: Hearing on H.R. 2281 and H.R. 2280 before the House Subcommittee on Courts and Intellectual Prop., 105th Cong., 1st sess. (Sept. 16, 1997) at 62 (testimony of Assistant Secretary of Commerce and Commissioner of Patents and Trademarks Bruce A. Lehman).

Obviously, it was impossible to anticipate every legitimate reason for circumvention. The language that is now the triennial rulemaking for the adoption of exemptions to Section 1201 was added at the request of a group of library associations. Although included very late in the legislative process, the rulemaking has proven to be a critical safety valve relied upon by many communities and industries.[5]

II. Safe Harbors

In the mid-1990s, the case law concerning secondary copyright liability for providers of the emerging Internet services was unclear. In response to pressure by large telecommunications companies such as Bell Atlantic (which later become Verizon), Congress began considering copyright safe harbors for providers of basic Internet functions. The telcos were planning on investing billions of dollars to lay fiber optic cable to provide Internet access, and did not want that investment consumed by liability for the infringing activity of their subscribers. Other companies providing Internet services, such as Netscape (developer of the Internet browser Navigator), also supported the adoption of safe harbors.

Yahoo, based in Silicon Valley, was one of my firm’s clients. Yahoo was reluctant to engage in public policy debates, and opted not to participate in the safe harbor negotiations. When the safe harbor negotiations, which were proceeding in secret, suddenly yielded what would become Title II of the DMCA, it was clear that Yahoo had a problem. At the time, Yahoo provided the leading Internet directory. Yahoo in effect assembled the directory by hand. Yahoo employees called “surfers” would visit websites and create directory entries based on what they found. We were worried that a court might conclude that these visits gave Yahoo an awareness of facts and circumstances from which infringing activity was apparent (so-called “red-flag knowledge”), and exclude Yahoo from the “information location tool” safe harbor (what became 17 U.S.C. § 512(d)).

[5] Additionally, Title V of the DMCA *inter alia* amended the library and archives exception in 17 U.S.C. § 108 to accommodate digital preservation.

It quickly became apparent that it would be impossible to change the legislative language. The product of several years of negotiations and compromises, the language was set in stone. However, the Committee Reports were still being drafted, so there was an opportunity to address the problem in the Report language. We negotiated several paragraphs of the Report with the Software Publishers Association that made clear that Yahoo fell within the scope of the safe harbor. (In fact, the Report explicitly refers to the Yahoo directory as the sort of information location tool the safe harbor was designed to protect.)

III. Database Protection

In 1991, the Supreme Court issued *Feist v. Rural Telephone*, 499 U.S. 340 (1991), which made clear that copyright did not protect compilations by virtue of the compiler's "sweat of the brow." In response, several database publishers began to lobby Congress to overturn *Feist* and adopt instead a *sui generis* form of protection based on the EU Database Directive. This approach would have interfered with the development of artificial intelligence and a wide range of Internet services. It was opposed by a broad coalition including Yahoo, Bloomberg, MCI, AT&T, Dun & Bradstreet, libraries, and scientific research organizations. The House subsequently passed a modified version of the legislation twice—once as a stand-alone bill, the second time as the sixth title of the DMCA.[6] Fortunately, the Senate did not include the database title in its version of the DMCA, and the database title did not become law.

IV. Implications of the Past for the Future

As the Subcommittee proceeds with its review of the DMCA, it must always bear in mind that Title I, dealing with TPMs, and Title II, dealing with safe harbors, were enacted together to create a balanced approach to copyright enforcement in the Internet environment. Thus, the effectiveness—and fairness—of the safe harbor system should not be considered in isolation, but in relation to the effectiveness and fairness of the anti-circumvention provisions.

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[6] *See* Edward J. Damich, *Commentary: Database Protection*, 4 Int'l Intell. Prop. L. & Pol'y 85-1 (2000).

Judge Leval, in his decision in *Capitol Records v. Vimeo*, 826 F.3d 78, 89-90 (2d Cir. 2016), characterized Section 512 as a compromise:

> [W]hat Congress intended in passing § 512(c) was to strike a compromise under which, in return for the obligation to take down infringing works promptly on receipt of notice of infringement from the owner, Internet service providers would be relieved of liability for user-posted infringements of which they were unaware, as well as of the obligation to scour matter posted on their services to ensure against copyright infringement. The purpose of the compromise was to make economically feasible the provision of valuable Internet services while expanding protections of the interests of copyright owners through the new notice-and-takedown provision.

But the compromise embodied by Section 512 is part of a larger compromise embodied by Titles I and II of the DMCA. As noted above, Titles I and II originally were introduced as separate bills. The TPM bill was supported by the entertainment industry and opposed by sectors of the technology industry. The safe harbor bill was supported by the online service providers and opposed by the entertainment industry. In the face of this opposition, both bills stalled. Chairman Hatch, in a bold legislative move, merged the two bills into one. He calculated that the entertainment industry would be willing to accept the safe harbors in exchange for TPM protection. This calculation proved correct.

The entertainment industry believes that Section 1201 has benefitted it enormously. In response to a notice of inquiry issued by the Copyright Office concerning Section 1201, the Association of American Publishers, the Motion Picture Association of America, and the Recording Industry Association of America filed joint comments stating that "the protections of Chapter 12 have enabled an enormous variety of flexible, legitimate digital business models to emerge and thrive…." Likewise, the tech industry believes that the Section 512 safe harbors have "allowed the Internet to become what it is today—a worldwide democratizing platform for communication, creativity, and commerce."[7] Although Congress attempted to achieve a degree of balance within each title—each title contains internal compromises—at the end of the day, the grand bargain of the DMCA was the marriage of the TPM and the safe harbor bills.

Significantly, these titles are working exactly as Congress intended. To be sure, one can disagree with some of the policy choices Congress made in each title.[8] But Congress made these policy choices with open eyes and a clear understanding of where the technology was headed. The courts generally have applied the DMCA in a manner consistent with Congress's intent. The overall balance struck in 1998 remains in place today.

Finally, the ongoing debate concerning Section 512 is often portrayed as a conflict between the entertainment industry and the tech industry. However, the Section 512 safe harbors enable a wide range of non-profit organizations such as libraries and educational institutions to provide a variety of Internet services, from network access to digital repositories. In particular, tens of millions of Americans rely on public libraries for broadband access. Public libraries could not afford to provide this critical service without the Section 512(a) safe harbor. In this process, the Subcommittee should not overlook the broader impact of the DMCA.

Thank you for your attention.

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[7] Matthew Schruers, "Music Industry DMCA Letter Seeks to Turn Back Clock on Internet," *Disruptive Competition Project* (June 21, 2016), http://www.project-disco.org/intellectual-property/062116-music-industry-letter-seeks-to-turn-back-clock-on-internet/#.WHQCArYrKl5.

[8] In my view, the theory underlying Title I remains fundamentally flawed. While TPMs have been extremely helpful to the development of legitimate digital business models, the critical element has been the technological protection provided by TPMs, not the legal prohibition on circumvention and circumvention tools. Section 1201 is overbroad; because it is not limited to circumvention (and circumvention tools) that facilitate infringement, it interferes with lawful uses. Further, the triennial rulemaking is not a nimble enough process to address these many lawful uses inhibited by Section 1201. The number of these uses continues to grow as more devices are controlled by software, which in turn is protected by TPMs. These TPMs interfere with repair, maintenance, and customization. While the Section 512 safe harbors are less flawed than Section 1201, the notice-and-takedown regime has been abused by some copyright owners and people who falsely claim to be copyright owners. Section 512's safeguards have proven inadequate to deal with this abuse. These issues will be explored in greater detail in the future hearings before the Subcommittee.