



Use Copyright to Protect Your Brand

By: Jim Astrachan

"How to protect brands through copyright?" I questioned. I had been asked to lecture to a New York Chapter of the American Corporate Counsel Association and this was their interest. "Trademark, yes", I said out loud to my empty office as I hung up the phone. "But copyright protection for brands?"

I knew labels, lists of ingredients, ubiquitous product photos, logos, slogans, and the like were not protected under copyright law. A very recent Eastern District of Kentucky case, however, had just caught my eye. The more I studied this case, the more fascinating it became. The country's second largest printer manufacturer, Lexmark, had successfully sought an injunction against SCC preventing it from selling replacement toner cartridges to owners of Lexmark printers. The grounds for the injunctive relief were a couple of counts of copyright infringement – Bingo. I had my subject and I knew it would be relevant to attendees from companies like Xerox and Pitney Bowes.

It seems that printers are like razors; the manufacturers sell them at cost in order to sell a steady stream of replacement toner cartridges. Because of this,

companies such as Lexmark have gone to great lengths to prevent the sale of replacement cartridges for their printers.

Lexmark's solution to the after-market onslaught was to create toner loading computer programs, and register them with the Register of Copyrights. The program resides within microchips attached to toner cartridges for its T-Series printers. This program enables the printer to approximate the amount of toner remaining in the cartridge. The engineers also created, and registered, a printer engine computer program to control the printer's various operations like paper feed and movement, motor control and fuser operations.

Lexmark's printers have an authentication sequence intended to prevent unauthorized toner cartridges from being used in its printers. This authentication sequence runs each time a toner cartridge is inserted into a Lexmark printer or the printer is powered on. In essence, the microchip on the toner cartridge communicates with the printer. If the two programs don't "shake hands" the printer does not work.

SCC, no slouch when it comes to recognizing a rich market, took aim at Lexmark and manufactured replacement toner cartridges for its printers. To enable its cartridges to work with the Lexmark printer, SCC embedded a microchip in its cartridge that was identical to Lexmark's. Incredibly, SCC's microchip contained a code sequence that actually spells out Lexmark's L XK stock market ticket symbol.

Two forms of infringement by SCC were alleged and proven. First, SCC's microchip copied Lexmark's program in a garden-variety violation of the Copyright Act. 99001.003/25821

For purposes of a preliminary injunction in a copyright case, once copying is shown, the other elements necessary for the PI to issue, public interest, irreparable harm and harm to others, are assumed. Second, SCC violated the Digital Millennium Copyright Act because "the authentication sequence that occurs between Lexmark's printers and microchips contained on authorized Lexmark toner cartridges constitutes a 'technological measure' that 'controls access' to the toner loading and printer engine programs, both copyrighted works." Because SCC's chip avoids or bypasses Lexmark's authentication sequence they, in essence, circumvent the authentication sequence.

SCC has not taken the PI decision lying down and its litigating positions are supported in whole or in part by many other groups including one called Amici Law Professors. SCC has also petitioned and re-petitioned the Copyright Office to exempt from copyright protection computer programs such as Lexmark's. The basis for the request, utterly rejected by the court as a defense, is the contention that the purpose of Lexmark's programs is not to control access to a copyrighted work, but instead to "control access by competitors to the after-market for the recycling and resale of toner cartridges; not to protect copyrighted expression, but to enforce a marketplace exclusion."

The Amici Law Professors, whose brief was also rejected by the court, offered that Lexmark's allegations are "novel, to say the least, and lie beyond the scope of the scenario envisioned by Congress under the DMCA." The professors pointed out to the court that Lexmark's purpose was not to prevent piracy of a copyrighted work, but was, instead, to protect its market for a non-copyrightable consumer good. The Law 99001.003/25821

Professors declared this to be an important policy issue that must be carefully addressed by the court.

Maybe so, but the court rightfully did not address the policy issues behind adopting of the DMCA, holding that the DMCA was clear on its face and that SCC's activities were in violation of its anti-circumvention provisions.

Manufacturers should sit up, take note and carefully study this case. It may provide them with an ability to use copyright to protect their brands. The Amici Law Professors clearly recognized that a ruling in Lexmark's favor would be a detriment, or benefit, to other industries.

If [the DMCA] could be applied to such functional software [the DMCA] could be susceptible to widespread abuse across a plethora of industries....enable automobile manufacturers to prevent competitors from selling replacement oil filters, or tires, that did not have a compatible...chip? Or photocopy machine manufacturers to prevent use of paper that does not bear the correct watermark? Or computer floppy disks that do not have an authenticity chip...?

The case has attracted a large following on both sides and will be appealed. Some Amici, and SCC, urge that using the copyright law in this fashion to stifle competition is an abuse of the law. It remains to be seen whether the appellate court will decide that Lexmark's efforts to use copyright to protect non-copyrighted articles is copyright abuse or an illegal restraint of trade due to the chilling effect on reverse engineering. I think it will not, although it likely is both. Probably, the appellate court

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will defer to Congress to amend the DMCA, if it desires. This will take years and before that happens, there exists real opportunity to legally restrain trade.

James B. Astrachan is a principal of Astrachan Gunst & Thomas, P.C.; a Baltimore based firm engaged in the business of intellectual property. Mr. Astrachan is an adjunct professor of Trademark and Unfair Competition Law at the University of Maryland Law School and the founder of the Intellectual Property Committee of the State Bar Association.