

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
LEXINGTON DIVISION

STATIC CONTROL COMPONENTS,)	
INC., ET AL.)	
)	
Plaintiffs,)	CONSOLIDATED CIVIL ACTION NOS.
)	
V.)	02-571 AND 04-84
)	
LEXMARK INTERNATIONAL, INC., ET)	
AL.)	ORDER
)	
Defendants.)	
)	

*** **

Static Control Component’s (“SCC”) Motion for Partial Summary Judgment Regarding Copyright Infringement is before the Court for consideration. [R. 538].¹ Counterclaim Defendants Wazana Brothers International, Inc. d/b/a Micro Solutions Enterprises (“Wazana”), Pendl Companies, Inc. (“Pendl”), and NER Data Products, Inc. (“NER”) join the Motion. [R. 544, 557, 580, 590, 593]. For the reasons set forth below, SCC’s Motion will be granted. The grant of SCC’s current Motion renders moot SCC’s Motion for Partial Summary Judgment Dismissing Lexmark’s Claims for Damages for Copyright Infringement, as this Order dismisses the underlying claims, and that motion will be denied as moot. [R. 518].

I.

BACKGROUND

On December 30, 2002, Lexmark International, Inc. (“Lexmark”) filed its Complaint against SCC, alleging in Count I, *inter alia*, that SCC “has infringed and continues to infringe

¹ All docket citations refer to the lead case, 5:04-84, unless otherwise noted.

Lexmark's copyrights in the Toner Loading Programs by manufacturing and selling SMARTEK microchips that contain unauthorized, identical copies of Lexmark's copyrighted Toner Loading Programs." [Case No. 02-571, R. 1 at 10]. SCC no longer uses Lexmark's Toner Loading Programs in the microchips that it produces. [R. 1]. SCC in its current Motion seeks judgment in its favor regarding Count I, arguing that Lexmark's Toner Loading Programs ("TLP's") are either (1) not the proper subject of copyright or (2) if the TLP's are copyrightable, then SCC's use of the programs is "fair use" under 17 U.S.C. § 107.

The Court does not address the issues raised in this Motion from whole cloth. Rather, in reversing this Court and finding that Lexmark was not entitled to a preliminary injunction prohibiting SCC from selling its SMARTEK microchips (each of which contained an unlicensed copy of a Lexmark TLP) pending the outcome of this litigation, the Sixth Circuit Court of Appeals considered the exact issues that are the subject of the current Motion. *Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522 (6th Cir. 2004). In that opinion, the Sixth Circuit fully set forth the factual background regarding the nature of Lexmark's TLP's, and accordingly, the Court need not do so here. Briefly and for context, Lexmark's TLP's are very small programs contained on certain Lexmark printer cartridges that estimate the amount of toner in the cartridge. At least a portion of the program is required for interoperability between Lexmark's T520/522 and T620/622 laser printers and those printers' respective cartridges. For the purpose of enabling interoperability, SCC copied Lexmark's TLP's onto its SMARTEK microchip, which third party remanufacturers ultimately incorporated into remanufactured Lexmark cartridges for the printers at issue here. Allegedly, SCC neither had an interest in the programs' use to monitor toner levels, nor did it in fact use the TLP's for that purpose.

II.

DISCUSSION

A. Standard of Review

Fed. R. Civ. P. 56(c) provides that judgment for the moving party is appropriate when “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 judgment as a matter of law.” *See also Browning v. Dep’t of Army*, 436 F.3d 692, 695 (6th Cir. 2006). While all inferences are drawn in favor of the non-moving party, that party still must present some affirmative evidence supporting its position to defeat an otherwise appropriate motion for summary judgment. *See id.*; *see also Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-587 (1986) (non-movant must “do more than simply show there is some metaphysical doubt as to the material facts”) (citations omitted); *Celotex Corp. v. Catrett*, 477 U.S. 317, 324-325 (1986). Stated alternatively, “[t]he mere existence of a scintilla of evidence in support of the plaintiff’s position will be insufficient; there must be evidence on which the jury could reasonably find for the plaintiff.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 252 (1986).

B. Analysis

SCC makes two chief arguments regarding its assertion that it cannot be liable for copyright infringement regarding the TLP’s. First, SCC avers that the TLP’s lack the requisite originality necessary to be copyrightable. The Sixth Circuit’s opinion combined with the Court’s consideration of Lexmark’s current arguments lead the Court to find that Lexmark’s TLP’s are not copyrightable. In the alternative, if the TLP’s are copyrightable, then SCC argues that

copying those programs as part of SCC's SMARTEK chip is "fair use" pursuant to 17 U.S.C. § 107. Guided by the Sixth Circuit's opinion, the Court agrees that SCC's copying of Lexmark's TLP's in this case was fair use, assuming *arguendo* the TLP's' copyrightability.

2. Copyrightability

When considering this case at the preliminary injunction phase, the Sixth Circuit held that "[a]t the permanent injunction stage of this dispute, we leave it to the district court in the first instance to decide whether the Toner Loading Program has" more than a de minimus quantum of originality to warrant copyright protection. *Lexmark Int'l, Inc. v. Static Control Components*, 387 F.3d 522, 540-41 (6th Cir. 2004) (citing *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1373-74 (10th Cir. 1997)). However, the Sixth Circuit made clear to the Court, even if in dicta, that absent development of evidence that undermines its assessment of the facts, Lexmark's TLP's are not copyrightable. *Id.* at 544 ("In view of our conclusion on this preliminary-injunction record that the Toner Loading Program is not copyrightable, we need not consider SCC's fair-use defense.") (The court went on to consider fair-use, but only to the extent the district court considered the issue and because the issue "could regain relevance at the permanent injunction phase of the case").

In its current Motion, SCC largely relies on the same expert report from Dr. Goldberg regarding Lexmark's TLP's that the Sixth Circuit fully considered. While Lexmark largely relies on the same evidence from its expert, Dr. Maggs, that was before the Sixth Circuit for consideration, Dr. Maggs' report was revised following the Sixth Circuit's opinion in an attempt to harmonize it with the Sixth Circuit's holding regarding the requirements for copyrightability. [*Compare, e.g.,* Case No. 5:02-571, R. 65, Exhibit "E," filed February 5, 2003, *with* Case No.

5:04-84, R. 611, Exhibit “1,” filed December 28, 2006]. In 2003, Dr. Maggs testified, *inter alia*, that Lexmark’s programmers made a number of “creative and arbitrary choices when writing these” TLP’s. [Case No. 5:02-571, R. 65, Exhibit “E,” ¶ 23.] Dr. Maggs added that “[t]here are many ways to approximately determine how much toner is left in a toner cartridge,” be it from using varying equations or from using different methods all together, like basing toner estimates on the number of pages printed, rather than torque. *Id.* at ¶¶ 25-28. According to Dr. Maggs, “[y]et another option would have been to use the same or similar computer instructions, but execute them in different orders” and, in short, “a variety of different programs could be written.” *Id.* at ¶ 29-31. With this information in tow, the Sixth Circuit held, “[w]hen a work itself constitutes merely an idea, process or method of operation, or when any discernable expression is inseparable from the idea itself, or when external factors dictate the form of expression, copyright protection does not extend to the work.” *Lexmark Int’l, Inc.*, 387 F.3d at 539 (citation omitted). Applying this standard, the Sixth Circuit found that the TLP’s’ expressions were likely dictated by external factors and thus not properly copyrightable on the record before it. *Id.*

At the preliminary pretrial conference held in this matter on March 12, 2007, this Court posited the question of what, if any, information regarding Lexmark’s TLP’s is different from when the Sixth Circuit considered the programs. [R. 830 at 105]. Lexmark responded in part that the major difference is that Dr. Maggs has since shown “lots of different ways of doing [the TLP programming] that all meet functional compatibility and efficiency requirements.” [R. 830 at 123]. Therefore, Lexmark argues that now there is evidence in the record that (1) not only are there varying ways to monitor toner levels but (2) these varying ways are efficient and functional means of doing so within compatibility constraints. Dr. Maggs’ suggested alternatives to

Lexmark's TLP programming have not necessarily changed, however. [See R. 611, Exhibit "1" at, e.g., ¶¶ 27-45.] This, Lexmark argued, goes beyond the preliminary injunction record, because the Sixth Circuit assumed there were no other efficient and functional ways to develop the TLP's on the record before it. The TLP's, according to the Sixth Circuit, were dictated by practical realities; the way in which the programs were developed is the most natural way to express the idea of toner monitoring by torque. *Lexmark Int'l, Inc.*, 387 F.3d at 540.

Contrary to Lexmark's current position, the Sixth Circuit actually found that Dr. Maggs' suggested alternatives, even if feasible and efficient, do not support a finding that Lexmark's TLP's are originally expressive:

Even aside from [SCC's expert's] testimony that the Toner Loading Program is the most efficient means of calculating toner levels, the alternatives suggested by Dr. Maggs do not appear to support the district court's initial conclusion that the program is expressive. Dr. Maggs' first and third suggestions -- that different equations and values or a different means of measuring toner level altogether could have been used -- do not appear to represent alternative means of expressing the ideas or methods of operations embodied in the Toner Loading Program; they appear to be different ideas or methods of operation altogether. Selection from among competing ideas or methods of operation generally does not result in copyright-protectable expression. Nor would the use of a "lookup table" appear to differ meaningfully from the use of other equations directly. Instead of executing a mathematical formula on a given input, this program merely "looks up" in a data table the output of that same formula for the given input value. Finally, Dr. Maggs' fourth suggestion -- that the same equations could be reordered -- does not appear to show originality because such alterations may be too trivial to support a finding of creative expression.

Id. (citations omitted). Therefore, assuming that Dr. Maggs' alternative formulations of the TLP's are all functional and efficient, considering compatibility constraints, the Sixth Circuit has nevertheless found in this context that the mere existence of an alternative does not in and of itself illustrate that the TLP's actually created contain expressive, copyrightable content.

Regarding Lexmark's current argument that there are not only alternatives, but functional

alternatives to its TLP's, the Court believes the issue here is not whether those functional alternatives exist in the abstract, but whether the programmers actually expressed sufficient originality when creating Lexmark's specific TLP's: "To the extent these alternatives [to Lexmark's TLP] suggest any originality . . . the quantum of originality may well be insufficient to support the validity of Lexmark's copyright in the work." *Lexmark Int'l, Inc.*, 387 F.3d at 535 (citing *Mitel, Inc. v. Iqtel, Inc.*, 124 F.3d 1366, 1373-74 (10th Cir. 1997)). The Sixth Circuit believed the preliminary record sufficient to overcome Lexmark's presumption of copyright validity, and the Court does not believe that Lexmark has come forward with additional evidence necessary to disturb the Sixth Circuit's analysis. The ease with which Dr. Maggs lists mathematical alternatives to the TLP belies the position that the TLP's are anything more than a means to an end, rather than being originally expressive themselves. [R. 611, Exhibit "1"]. Simply put, the idea itself has merged with its expression. *Lexmark Int'l, Inc.*, 387 F.3d at 535 (citation omitted).

Both parties' current positions are based on evidence known to and appraised by the Sixth Circuit in 2004. The Court finds no new evidence that would tend to materially undermine the Sixth Circuit's application of facts to the law, and accordingly that appellate decision controls. As such, the originality—originality being a term-of-art under copyright law—of Lexmark's TLP's is insufficient for the programs to be copyrightable.

2. Fair Use

Assuming *arguendo* that Lexmark's TLP's were copyrightable, SCC's use of the TLP's on its SMARTEK chips is also "fair use" pursuant to 17 U.S.C. § 107 as a matter of law.

Title 17 U.S.C. § 107 lists four, non-exclusive, statutory factors to apply when making a

determination whether use of a copyrighted work is “fair use.” Though fair use is a mixed question of law and fact, when the court finds “facts sufficient to evaluate each of the statutory factors [under 17 U.S.C. § 107],” the court may make the fair use determination as a matter of law. *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985); *see also Nat’l Rifle Ass’n of Am. v. Handgun Control Fed’n*, 15 F.3d 559 (6th Cir. 1994) (finding fair use as a matter of law). The four statutory factors are as follows:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107.

The Sixth Circuit has already evaluated factors one and four. *Lexmark Int’l, Inc. v. Static Control Components, Inc.*, 387 F.3d 522, 544-45 (6th Cir. 2004). Regarding factor one, the Court noted, “[t]he question is whether ‘the user stands to profit from exploitation of the copyrighted material without paying the customary price.’” *Id.* at 544 (quoting *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985)). “In copying the Toner Loading Program into each of its SMARTEK chips, SCC was not seeking to exploit or unjustly benefit from any creative energy that Lexmark devoted to writing the program code.” *Id.* Accordingly, factor one *heavily* weighs in SCC’s favor, because Lexmark does not even rebut that SCC’s purpose for copying the TLP was solely for the purpose of enabling interoperability between

remanufactured Lexmark cartridges and Lexmark printers, *not* for the allegedly-expressive, hypothetically-copyrightable content contained therein. *See Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 610 (2d Cir. 2006) (finding fair use of copyrighted material for “a purpose separate and distinct from the original artistic and promotional purpose for which the [copyrighted] images were created”). In addressing factor one, Lexmark does not address the Sixth Circuit’s opinion, and to the extent that Lexmark believes SCC to have been less than diligent in its investigation of the 55 bytes that comprise one of the TLP’s when discussing § 107 factor one, this is irrelevant. [R. 611 at 30]. Lack of diligence in understanding the nature of a data set is not the same as the “seeking to exploit or unjustly benefit from any [of Lexmark’s] creative energy.” *Lexmark Int’l, Inc.*, 387 F.3d at 544.

The Sixth Circuit also considered factor four, regarding the “effect of the use upon the potential market for or value of the copyrighted work.” *Lexmark Int’l, Inc.*, 387 F.3d at 544-45. The question to ask when evaluating this factor is “whether the infringement impacted the market for the copyrighted work itself.” *Id.* (citations omitted). The relevant market here is specifically a market for Toner Loading Programs. *Id.* at 545. As at the preliminary injunction phase, “Lexmark [still] has not introduced any evidence showing that an independent market exists for a program as elementary as its Toner Loading Program” *Id.* In short, the Sixth Circuit has already decided that factor four weighs heavily in favor of finding fair use. The best Lexmark can do in its Response to SCC’s Motion is to argue in a conclusory fashion that, as a matter of “logic,” Lexmark’s TLP’s have some sort of intrinsic commercial value. [R. 611 at 32]. Again, Lexmark ignores the Sixth Circuit and the requirement that Lexmark make some sort of showing of (1) a TLP market that (2) has been affected by SCC’s use of the TLP’s.

Factors two and three, if they do not additionally weigh in favor of SCC, are a wash. Whether copyrightable or not, it is undisputed that the TLP's consisted of 55 bytes of data (or less) and are small to say the least. Assuming *arguendo* that the TLP's were copyrightable, they would be so only by the slimmest of margins, being more akin to the factual data set than a work of prose. See *Campbell v. Acuff-Rose Music*, 510 U.S. 569, 586 (U.S. 1994). SCC encountered these 55 bytes on Lexmark's cartridge microchips and, according to SCC, thought that it had to copy those 55 bytes to allow a remanufactured cartridge to interoperate with a relevant Lexmark printer. [R. 538 at 13, ¶ 38]. Lexmark essentially concedes SCC's initial ignorance regarding the alleged purpose of the TLP-bytes when it states, "SCC did not attempt through reverse-engineering to determine the purpose of the data on the Lexmark chip." [R. 611 at 9, ¶ 36]. SCC emphatically contends that it in fact did attempt reverse engineering [R. 638 at 11], but the point is that SCC had little reason to know that it would allegedly infringe on a copyright by copying the TLP-bytes. The only thing clear to SCC was that when a small number of bytes were duplicated, the "32 Unsupported Print Cartridge" error preventing the printer from working ceased. Lexmark's allegedly-copyrighted work was obfuscated within the greater context of all the data on Lexmark's microchips. Regardless of whether Lexmark's TLP's were uncopyrightable lockout codes or not, SCC was reasonable in initially believing that they were.

Undisputed in the record is that SCC did copy Lexmark's TLP's verbatim. The Court is well aware that in the context of music at least one court has found that "it is not conceivable to us that the copying of all, or substantially all, of a copyrighted song can be held to be a 'fair use' merely because the infringer had no intent to infringe." *Wihitol v. Crow*, 309 F.2d 777, 780 (8th Cir. 1962). However, in the current case, SCC was not even aware the "song" itself existed; let

alone that it was infringing by copying it. Ultimately however, the Sixth Circuit's considerations above of § 107 factors one and four carry the most weight as the truly dispositive factors here.

III.

CONCLUSION

Because Lexmark's Toner Loading Programs are not sufficiently original to be copyrighted and SCC's copying of Lexmark's Toner Loading Programs was fair use, it is hereby **ORDERED** as follows:

(1) Static Control Component's ("SCC") Motion for Partial Summary Judgment Regarding Copyright Infringement [R. 538] is **GRANTED**;

(2) Count I of Lexmark's Complaint in Case No. 5:02-571 is **ADJUDGED** in favor of Static Control Components, and accordingly Count I is **DISMISSED** with prejudice;

(3) For the same reasons that Count I of Lexmark's Complaint in Case No. 5:02-571 is adjudged in favor of SCC, Count III of Lexmark's Second Amended Answer and Counterclaims at Record No. 67 in Case No. 5:04-84 is **ADJUDGED** in favor of Counterclaim-Defendants Wazana Brothers International, Inc. d/b/a Micro Solutions Enterprises, Pendl Companies, Inc., and NER Data Products, Inc., and accordingly Count III is **DISMISSED** with prejudice;

(4) Because this Order moots any issues regarding damages on Lexmark's copyright infringement claims, SCC's Motion for Partial Summary Judgment Dismissing Lexmark's Claims for Damages for Copyright Infringement [R. 518] is **DENIED as MOOT**; and

(5) Because Magistrate Judge Todd's Order dated December 13, 2006 [R. 512], dealt solely with discovery issues regarding copyright, SCC's Objection to the Memorandum Opinion and Order Dated December 13, 1006 [R. 599] is **OVERRULED as MOOT**.

This the 18th day of April, 2007.



Signed By:

Gregory F. Van Tatenhove 

United States District Judge