

THE TIRE INDUSTRY'S ABUSE OF COPYRIGHT CLAIMS AND THE CORRESPONDING  
DEFENSES OF COPYRIGHT MISUSE AND FAIR USE OF SMITHERS DOCUMENTS

The tire industry has repeatedly pursued spurious accusations of copyright infringement and trade secret misappropriation against plaintiff's lawyers in product liability and wrongful death litigation over the last two decades including efforts to prevent access to copyrighted materials that are available in the stacks at the Library of Congress. The copyrighted materials at issue contain data on tire safety that factor heavily into the analysis of product liability and wrongful death claims. In a desperate attempt to keep the data contained within the copyrighted material out of courtrooms, a variety of copyright infringement and trade secret misappropriation claims have been asserted, coupled with an extended pattern of intimidation based on unfounded claims, mismatching terms and policies and exaggerating rights vested in copyright owners. The good news is that, the evaluation of copyright claims and the applicable defenses have the potential to defeat these disingenuous copyright infringement and trade secret misappropriation claims being made by the tire industry by permitting expert critique and evaluation of data pertaining to the structural integrity of tires. This article supports the following four conclusions which have the potential to alter the way courts have routinely treated the copyrighted Smithers reports in tire safety litigation:

1. Claiming that copyrighted reports available to the library-card-carrying public are trade secrets is an incongruous claim. The simple fact that Smithers has made its reports available to the public via the national network of libraries by registering their reports in their entirety with the U.S. Copyright Office is contradictory to the basic trade secret principle that proactive efforts must be taken by the owner of a trade secret to maintain secrecy.
2. Claims made by the tire industry and Smithers that the data, facts, ideas and methods contained within the copyrighted reports should be afforded a confidential trade secret-like protection is an overstatement of the legal rights of copyright owners and is arguably a misuse of copyright.

Copyright misuse renders the copyright at issue unenforceable until the guilty copyright owners abandon their inappropriate conduct.

3. In the ongoing tire safety litigation, expert commentary, study and potential criticism of the Smithers reports are arguably a fair use of the copyrighted reports and should be permitted in the assessment of product liability, tire safety and wrongful death claims.
4. In the ongoing tire safety litigation, the submission of copyrighted materials into evidence is arguably another fair use of the copyrighted Smithers reports. The evidentiary fair use exception applies when copyrighted materials are submitted as evidence in a judicial proceeding or used to prepare for litigation which includes giving copies of copyrighted reports to an expert witness to prepare testimony regarding tire safety.

#### The Facts: Background Information

*For more than twenty years the tire industry has successfully precluded discovery through a pattern of misrepresentations to courts across the country. For decades the tire industry has marched in lockstep to thwart discovery of significant information about their compound formulas claiming not only trade secret protection of this information vital to plaintiffs but further for non disclosure of the compounds even when protective orders are entered. Defense lawyers have successfully argued that all tire compound formulas are highly sensitive trade secrets supported by affidavits and testimony from corporate representatives and defense experts. One company even claims that such formulas are “the crown jewels” of their business, thereby justifying redacting this vital information from documents produced under protective order.*

*Critical information is obliterated from documents produced under protective orders, such as the formula related to the tire skim stock rubber that surrounds the steel cords in steel belted radial tires and the*

*formula for inner liners of the tire. Not surprisingly, these two components are probably the most significant portions of the tire that affect tread belt separations.*

*Smithers reports are very comprehensive reports that provide detailed information comparing the chemical formulas of all the components of steel belted radial tires. In one such report Smithers compares chemical composition and physical construction of Michelin, Bridgestone, General, Goodyear, Dunlop, Firestone, Cooper, BF Goodrich and Sears tires. For many years plaintiff's lawyers have attempted to obtain these Smithers reports but have been blocked by Smithers and the tire industry. The basis for their objection has been that the Smithers reports are copyrighted. Courts have universally accepted this argument. Accordingly, the reports have never been produced or made available by the tire companies or Smithers. This paper addresses the fallacy of this argument and explains how it can be circumvented.*

#### #1: Defending against the tire industry's claim of trade secret misappropriation.

Key: Copyright is not the same as a Trade Secret

Asserting that copyrighted materials which are available in the U.S. Copyright Office and the Library of Congress contain trade secrets is an incongruous claim. While a trade secret is defined broadly as information that companies proactively keep secret to give themselves a competitive advantage over their competitors<sup>i</sup>, copyrighted materials (that have been registered with the U.S. Copyright office and made available in their entirety by copyright owners), on the other hand, are works that have been registered with an office of public record and are available to the public through the U.S. Copyright Office<sup>ii</sup>, the Library of Congress and a national network of libraries. All you need is a library card to access copyrighted Smithers reports held within the stacks at the Library of Congress.<sup>iii</sup>

#2: Defending against the tire industry’s claims that the data, facts, ideas and methods contained within the copyrighted Smithers reports should be afforded a confidential, trade secret-like protection.

Key: Data, facts, ideas and methods are not protected by copyright registration.

Key: Overstating and exaggerating the rights vested by copyright registration copyright can render a copyright invalid (Copyright Misuse Defense)

One of the reasons the tire industry may be claiming the copyrighted Smithers reports are trade secrets is because they are searching for a way to claim a “confidential” type treatment to the facts, ideas, principles, methods and discoveries contained within the reports. However, U.S. Copyright Law does not vest copyrighted materials with a “confidential” type treatment nor does it extend to the protection of facts, ideas, principles, methods or discoveries contained within copyrighted materials. Section 102 (b) of the U.S. Copyright Act states, “In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.”<sup>iv</sup>

Any claim that copyright registration vests copyright owners with a trade secret or confidential type protection of the facts, ideas, principles, methods and discoveries contained within copyrighted materials is an unfounded exaggeration. A defense against the tendency of copyright owners to overstate and exaggerate their rights vested by a copyright registration, is the defense of copyright misuse.

Copyright misuse is a court made doctrine defined as using a copyright to secure a limited monopoly or an exclusive right not granted by the law. This affirmative defense is comparable to a “patent misuse defense” and combats anticompetitive, unfair or misleading conduct of copyright owners and applies

when a copyright owner attempts to mislead an accused infringer by “unfairly threatening infringement penalties that exaggerate or misstate the law.”<sup>v</sup> A key component of the copyright misuse defense is that when successfully applied, it renders the copyright at issue unenforceable until the guilty copyright owner abandons its inappropriate conduct.

Copyright misuse has been proven in cases where copyright owners overstated their exclusive rights vested by copyright law by claiming an exclusive right to use, copy or distribute information that was readily available to the public or at least partially in the public domain.<sup>vi</sup> Additionally, the court in the *Vogue Ring Creations* case held that a threatening public announcement which exaggerated the penalties imposed on copyright infringers was misleading conduct constituting the misuse of copyright.<sup>vii</sup> As a result of the court’s finding of a copyright misuse in the *Vogue Ring Creations* case, the copyrighted ring design at issue was rendered unenforceable and could be used by the defendant to make similar rings. By rendering the copyrighted ring design unenforceable due to a finding of copyright misuse, the court was able to sidestep another issue in the case regarding the originality and copyrightability of the ring design at issue.

The *Vogue Ring Creations* case has an interesting applicability to the tire industry’s copyright infringement and trade secret misappropriation claims analyzed in this article for two reasons. First, claiming that copyrighted Smithers reports are trade secrets and warrant a confidential “trade secret” type protection is arguably an overstatement of the rights vested in the copyright owner and a threat of exaggerated penalties. Second, a finding of copyright misuse renders the copyright unenforceable until the inappropriate and harassing conduct is abandoned. This has the potential to aid the analysis of product liability and wrongful death claims, because, once a copyright is rendered unenforceable anyone can copy, use or distribute the copyrighted materials.

#3: Defending against the tire industry's claims that expert commentary, study and potential criticism of the Smithers reports should not be permissible.

Key: Expert commentary, study and potential criticism of copyrighted materials is a fair use exception  
(Fair Use Defense)

The Fair Use defense deems the copying and reproduction of a copyrighted work to be a fair use and not an infringement for purposes such as commentary, research, criticism, news reporting, scholarship or teaching. Generally, reproducing copyrighted material requires the permission of the copyright owner. However, reproducing the copyrighted material for commentary, research or criticism does not require permission of the copyright owner (and is not a copyright infringement) when the fair use defense is applied. The fair use defense developed out of case law and is codified in the U.S. Copyright Act, 17 U.S.C. §107. The statute provides four factors to be considered by courts when evaluating if a potential copyright infringement is a permissible fair use of the copyrighted material. The four factors to be considered are: 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.<sup>viii</sup>

When analyzing the factors, the U.S. Supreme Court has held that all of the factors are to be evaluated and weighed together without any one factor dominating the analysis.<sup>ix</sup> A New York appellate court, in the 2004 *NXIVM Corp. v. Ross Institute* case,<sup>x</sup> held that hiring experts to write reports critiquing copyrighted course material and quoting liberally from the copyrighted course material was a fair use even when the copyright owner goes to great lengths to try and keep the material confidential. The critiquing reports quoted sections of the copyrighted course materials and were made available to the public on the defendant, Ross's website. The copyright owner, NXIVM, sued for copyright infringement

and Ross prevailed in the infringement claim by demonstrating that his use was protected by the fair use doctrine.

The appellate court evaluated the four fair use factors and supported the district court's finding of fair use by holding that three of the four fair use factors favored the accused copyright infringer, Ross, despite his bad faith when acquiring an unauthorized copy of NXIVM materials which were unavailable to the public. Here is a brief summary of the appellate court's holding that factors 1, 3, and 4 favored a finding of fair use: Factor 1) "purpose and character of the use," favored Ross due to the transformative nature of Ross' use of the materials for critical commentary; Factor 3) "amount and substantiality of the portion used," favored Ross because quoting liberally is necessary in order to do the research and analysis needed to support a critical commentary. Additionally, the court mentioned that NXIVM was seeking protection of the actual process or idea of its teaching technique which is not a copyrightable expression; Factor 4) "market" inquiry favored Ross because criticism is a transformative use and cannot substitute the materials nor hijack its market.

In the *NXIVM Corp. v. Ross Institute* case, an expert critique of copyrighted course material commissioned by a competitor and posted to the competitor's website was held to be a fair use of the copyrighted course material. Despite acknowledgement that the copyright owner of the course materials went to great lengths to attempt to keep the course materials confidential, the court still found this to be a fair use.

Another fair use case that illustrates the application of the fair use defense in an analogous context for the purpose of study is the 1992 case, *Atari Games Corp. v. Nintendo of America*.<sup>xi</sup> In *Atari Games*, the US Court of Appeals in California held that reverse engineering a copyrighted computer program was a fair use for the purpose of study because the study of the computer program and subsequent designing of a new video game resulted in growth of creative expression.<sup>xii</sup> The ultimate holding in *Atari Games*

was that Atari's reverse engineering did not qualify as a fair use because an unauthorized copy of the copyrighted work was used. However, the court's opinion provides a thorough explanation that reverse engineering is not a copyright infringement if an authorized copy of the computer code is used because the act of reverse engineering is a lawful deprocessing of unprotected ideas and processes for the purpose of understanding and studying the program. Additionally, the court emphasized the positive public benefit resulting from newly designed computer games which supports the intention behind copyright law to benefit public welfare through the promotion and progress of science and art.

#4: Defending against the tire industry's claims that the copyrighted Smithers reports should not be submitted as evidence for review by expert witnesses.

Key: Evidentiary Fair Use exception (Fair Use Defense)

In the ongoing tire safety litigation, the submission of copyrighted materials into evidence is arguably another fair use of the copyrighted Smithers reports. Courts have consistently held that the reproduction of copyrighted materials as evidence in a judicial proceeding is fair use. The *Hollander v. Steinberg*<sup>xiii</sup> case from the U.S. Court of Appeals for the Second Circuit, in 2011, illustrates this. In *Hollander v. Steinberg*, the court applied the four factor test and held copyrighted essays were admissible when submitted to the court as evidence of extremist views to support orders of protection and in opposition to a motion to disqualify a female judge in a gender-discrimination case.

Another example of a case germane to this discussion is the application of the fair use defense in *Religious Tech. Ctr. v. Wollersheim*.<sup>xiv</sup> This copyright infringement case was brought by an affiliate of the Church of Scientology after the Church was sued and held liable in a state tort action for intentional infliction of emotional distress. Highly confidential, stolen, religious texts provided to the expert witnesses were at issue. The court held that providing the texts to the expert witnesses for the purposes of preparing their testimony was a fair use and not a copyright infringement. In the court's



brief fair use analysis, it does not apply the four factor test described earlier, but instead cites *Jartech Inc. v. Clancy's* intrinsic use evaluation as well as Nimmer on Copyright, a prominent text on copyright law that is frequently cited in judicial opinions.<sup>xv</sup>

Copyright law rarely intersects with public safety. The copyrighted Smithers reports contain data regarding tire safety and surprisingly, expert assessment of this data has routinely been kept out of the courts' analysis of the product liability and wrongful death claims under the guise of being copyrighted materials vested with the secrecy of a trade secret. However, in tire safety litigation, the evaluation of copyright claims and the applicable defenses outlined in this article have the potential to appreciably impact public safety by permitting expert critique and evaluation of data pertaining to the structural integrity of tires.

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<sup>i</sup> The Uniform Trade Secrets Act (UTSA), available at: [http://www.law.cornell.edu/wex/trade\\_secret](http://www.law.cornell.edu/wex/trade_secret).

<sup>ii</sup> The US Copyright Office website at: <http://www.copyright.gov/eco/help-deposit-req.html> and <http://www.copyright.gov/fls/fl122.html> (includes information on the lack of secrecy in deposit copies submitted with copyright applications).

<sup>iii</sup> <http://www.loc.gov/rr/readerregistration.html>

<sup>iv</sup> US Copyright Law Title 17 U.S.C. § 102. See also, *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991), *Harper & Row*, 471 U.S. 539, 556 and 560 (1985); *New York Times Co. v. United States*, 403 U.S. 713, 723-27 (1971) and Nimmer on Copyright § 8.01[D-F].

<sup>v</sup> Copyright Misuse: An Overview, by George Carr. Published in the Summer 2010 issue of *Intellectual Property Litigation* from the ABA Intellectual Property Litigation Committee.

<sup>vi</sup> *F.E.L. Publications v. Catholic Bishop of Chicago*, 214 U.S.P.Q. 409, 413 n.9 (7th Cir. 1982).

<sup>vii</sup> *Vogue Ring Creations, Inc. v. Hardman*, 410 F. Supp. 609, 612, 619, 619 (D.R.I. 1976). See also, *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970, 977 (4th Cir. 1990) (Attempting to prevent competition for ninety-nine years via anticompetitive language in a licensing agreement constituted a copyright misuse), and *Video Pipeline, Inc. v. Buena Vista Home Ent., Inc.*, 342 F.3d 191, 204 (3rd Cir. 2003) (Public interest factors into a finding of copyright misuse).

<sup>viii</sup> US Copyright Law Title 17 U.S.C. § 107 available at: <http://www.copyright.gov/title17/92chap1.html#107>, See also *Harper & Row*, 471 U.S. 539, 547 (1985).

<sup>ix</sup> *Campbell v. Acuff-Rose Music, Inc.* 510 U.S. 569, 578, 114 S.Ct. 1164, 127 L.Ed.2d 500 (1994).

<sup>x</sup> *NXIVM Corp. v. Ross Institute*, 364 F.3d 471, 475-82 C.A.2 (N.Y.), 2004.

<sup>xi</sup> *Atari Games Corp. v. Nintendo of America*, 975 F.2d 832, 840-46 (Fed. Cir. 1992).

<sup>xii</sup> Note: it is possible to apply for and obtain copies of copyrighted works directly from the U.S. Copyright Office if there is ongoing litigation between the parties and a copy is needed for litigation.

<sup>xiii</sup> *Hollander v. Steinberg*, 419 Fed.Appx.44, 46-48 (2d Cir. 2011). See also, Cases Make Evidentiary Use of Copyrighted Materials Easier, by David A. Kalow and Milton Springut. Published in the Feb. 14, 2012 issue of *NY Law Journal: Technology Today*.

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<sup>xiv</sup> *Religious Tech. Ctr. v. Wollersheim*, 971 F.2d 364 (9th Cir. 1992).

<sup>xv</sup> *Jartech, Inc. v. Clancy*, 666 F.2d 403, 406-07 (9th Cir. 1982) and 3 *Nimmer on Copyright* § 13.05[D] (1991) (“works are customarily reproduced in various types of judicial proceedings, including obscenity and defamation actions... and it seems inconceivable that any court would hold such reproduction to constitute infringement either by the government or by the individual parties responsible for offering the work in evidence”).