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MISAPPROPRIATION AND THE NEW COPYRIGHT ACT: AN OVERVIEW

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A new Copyright Act[1] became effective on January 1, 1978, superseding the Copyright Act of 1909.[2] One purpose of the new Act was to give statutory copyright protection in areas of technology developed since 1909.[3] Previously, the courts were left with the job of determining copyright policy in the area of new technology as well as in the area of intangibles. Historically, the courts used the doctrine of misappropriation to grant protection to opera broadcasts, record albums, and buttons. Earlier versions of the bill that became the new Copyright Act preempted the doctrine of misappropriation.[4] Later versions explicitly did not preempt misappropriation, and the final bill did not mention it at all.[5] Ironically, the new copyright law leaves considerable uncertainty as to the protection of intangibles relating to new technological advances.[6] By eliminating all references to misappropriation, did Congress in fact preempt the doctrine of misappropriation, or did they simply decide not to address the issue of misappropriation?

Misappropriation involves the taking or copying of an underlying intangible or concept, rather than of the physical em-

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1. Copyrights, 17 U.S.C. app. §§ 101-810 (1976 Supp. II 1979).

2. The Copyright Act of March 4, 1909, ch. 320, 35 Stat. 1075 (1909) (current version at 17 U.S.C. §§ 1-810 (1976).

3. The legislative history of the Act, according to Barbara Ringer, Registrar of Copyright, who is considered an unofficial author of the new Act, has been given in several articles, including: Ringer, *The Unfinished Business of Copyright Revision*, 24 U.C.L.A. L. REV. 951 (1977) [hereinafter cited as *Unfinished Business*]; Ringer, *First Thoughts on the Copyright Act of 1976*, 12 N.Y. L. SCH. L. REV. 477 (1977) [hereinafter cited as *First Thoughts*]; COPYRIGHT SOCIETY OF THE U.S.A., STUDIES ON COPYRIGHT, (Arthur Fisher Mem. Ed. 1963).

4. Historically, misappropriation was preempted by section 301: H. R. REP. No. 2237, 89th Cong., 2d Sess. 129 (1966); H. R. REP. No. 83, 90th Cong., 1st Sess. 96-100 (1967); and S. REP. No. 983, 93rd Cong., 2d Sess. 167 (1974).

5. *See generally* text of new Act note 1 *supra*.

6. *Unfinished Business, supra* note 3, at 964-66.

bodiment, depriving the creator all or part of the market value of the intangible.[7] This legal doctrine has had a significant role to play in protecting intangibles that are not protected by the Copyright Act or other statutory schemes.[8] The benefits of this protection are needed especially in the area of future technology developed after passage of the Act.

The Constitution provides for a federal system of copyright,[9] but there has been a history of concurrent state-federal regulation, in areas where the federal government has not chosen to act.[10] The Supreme Court's view toward preemption, based on the supremacy clause,[11] has changed in recent times.

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7. Misappropriation . . . is one of several legal doctrines concerning protection of intangibles of potential commercial value. These intangibles include ideas, information, formulas, designs and artistic creations, fame, goodwill and performances of talent. For purposes of exploitation, the intangible is usually embodied in physical objects or associated with some physical symbol. . . . Misappropriation consists not in taking the physical object but in copying or drawing upon the conception of underlying intangible value for the use of the appropriator.

In contrast to tangible property, the significant characteristic of intangibles is inexhaustibility; any number of persons may exploit or enjoy the intangible at one time and in a variety of manifestations. A symphony written by one man may then be conducted and recorded by any number of others. . . . Yet, though the appropriated intangible is not lost to the originator, its market value—largely dependent on the intangible's scarcity—is lost or at least diminished.

Developments in the Law—Competitive Torts, 77 HARV. L. REV. 932 (1964).

"Intangibles of commercial value differ greatly in kind, and the legal protection accorded them varies substantially. Some prominent intangibles receive explicit statutory protection from . . . the copyright laws. . . ." Other intangibles receive protection from the common law, as in breach of fiduciary duty. There is indirect safeguarding such as in an action for passing off. But a residue of potentially valuable intangibles, "whose exploitation necessarily involves public exposure," is accorded no explicit legal protection. Common law protection under the tort of misappropriation that has been rarely employed. "Protection, if given, is usually in the form of an injunction preventing the defendant from utilizing an intangible without the plaintiff's consent." Selection of those intangibles which are appropriate for misappropriation is a major problem in jurisdictions which accept the existence and applicability of the doctrine. *Id.* at 933.

8. *Id.*

9. "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. . ." U.S. CONST. art. I, § 8, cl. 8.

10. 1 M. NIMMER, NIMMER ON COPYRIGHT § 1.01 (A) (1979).

11. "This Constitution, and the laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the authority of

Initially, preemption was viewed as a means of denying protection due, in part, to the basic presumption of federal validity;[12] now, it is viewed as a means of achieving flexibility in federal-state relations since there are no basic presumptions.[13] In analyzing preemption, the Supreme Court has recently taken into account not only the legislative history of the Act (especially words of the authors and committee reports) but subsidiary considerations as well.[14]

The new Copyright Act was the result of intense lobbying by many industries; however, the question of federal preemption was not a focal point for discussion in the hearings.[15] In the 21 years that the Act was under consideration, the issue of preemption was largely ignored.[16] In this vacuum the influence of the Department of Justice, concerning misappropriation, became the principal factor in elimination of the checklist previously included in section 301.[17] However, judicial rules of legislative interpretation admit the influence of government agencies but only of the agency responsible for administrating a particular act (in this case, the Registrar of Copyright).[18] Thus, the expressions of the Department of Justice are of minimal importance for the purpose of judicial interpretation. The elimination of the checklist, which specifically included misappropriation as an exemption from preemption,[19] cannot be viewed as substantive proof of a congressional intent to preclude all protection for intangibles in the gray area not covered by the new Copyright Act.

Both the new and the old copyright laws expressly hold that

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the United States, shall be the supreme Law of the Land." U.S. CONST. art. VI, § 2.

12. *See generally,* Note, *Preemption as a Preferential Ground: A New Cannon of Construction,* 12 STAN. L. REV. 208 (1959).

13. *See,* Note, *The Preemption Doctrine: Shifting Perspectives on Federalism and the Burger Court,* 75 COLUM. L. REV. 623 (1975).

14. *See,* Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1974) and Goldstein v. California, 412 U.S. 546 (1973).

15. *Unfinished Business, supra* note 3, at 951.

16. Brown, *Unification: A Cheerful Requiem for Common Law Copyright,* 24 U.C.L.A. L. REV. 1070 (1977).

17. Letter from Asst. Att'y Gen. Michael M. Uhlman to Rep. Kastenmeier (July 27, 1976). Letter from Asst. Att'y Gen. Thomas E. Kauper to Sen. Hugh Scott (February 13, 1976) (On file in the Law Review Office of Golden Gate University).

18. 2A C.D. SANDS, SUTHERLAND STATUTORY CONSTRUCTION 238 (4th ed. 1973).

19. S. 22, 94th Cong., 1st Sess. §§ 102, 301 (1975); H.R. REP. No. 1476, 94th Cong., 2d Sess. 50, 130-33, *reprinted in* [1976] U.S. CODE CONG. & AD. NEWS 5663, 5746-49.

a "tangible medium of expression" is a necessary condition for protection.[20] In other words, an author's idea is not in and of itself subject to copyright; what is copyrightable is the expression of the idea in the words or medium, of say, a book or a motion picture.[21] Yet, the checklist of copyrightable works contained in the new Act includes at least two categories—choreography and pantomime[22]—that are manifestly intangible; that is, such works would generally not be embodied in a physical object; rather, the intangible concept would be the work itself. An example of the difference in scope between the old and the new act can be seen in the area of choreography. It was not mentioned in the list in the old Act;[23] therefore, it was not protected. In the new Act, choreography, if fixed in a tangible form, is considered a constitutional writing and is thus protected.[24] The scope of the statute's coverage is most important with respect to the new forms of creative expression which may emerge in the future as a result of scientific discoveries or technological developments. Will the exclusion of these items, not

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20. Section 102 of the new Act provides for the subject matter of copyright, in general:

> (a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:
> (1) literary works;
> (2) musical works, including any accompanying words;
> (3) dramatic works, including any accompanying music;
> (4) pantomimes and choreographic works;
> (5) pictorial, graphic, and sculptural works;
> (6) motion pictures and other audiovisual works; and
> (7) sound recordings.
> (b) 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.

17 U.S.C. app. § 102 (1976). *See also,* Act of 1909, ch. 320, § 4, 35 Stat. 1075 (1909).

21. Nimmer, *The Subject Matter of Copyright under the Act of 1976,* 24 U.C.L.A. L. REV. 990 (1977). The definition of fixation would seem to exclude purely evanescent or transient reproduction such as those projected briefly on a screen, shown electronically on a television or other cathode ray tube, or captured momentarily in the memory of a computer. *Id.* at 988-89.

22. 17 U.S.C. app. § 102(a)(3) (1976).

23. The Copyright Act of 1909, ch. 320, § 4, 35 Stat. 1075 (1909) (current version at 17 U.S.C. § 5 (1976)).

24. 17 U.S.C. app. §§ 102-106 (1976).

yet known, disqualify them as works of authorship? If so, they need protection as gray areas under misappropriation until an amendment or revision of the copyright bill can be passed. In addition, the new checklist[25] omits mention of a number of intangibles that would seem worthy of protection. Assuming that technology will continue to proliferate at its current rate and in different directions, the future will undoubtedly provide great stores of intangibles, unthought of at present, and inadequately protected by the Copyright Act.[26]

The doctrine of misappropriation is a necessary judicial tool for protecting future technological developments that lack specific statutory protection. The doctrine is not anticompetitive since its usage is limited to unique fact patterns which allows the legislature time to create new categories for protection. Moreover, the doctrine is not a threat to the federal copyright system. Concurrent application of state and federal laws can continue as it has in the past. The supremacy clause of the Constitution authorizes federal preemption of misappropriation wherever Congress has specifically acted through legislation. Thus, application of misappropriation is needed in only two areas: (1) gray areas where there is no statutory protection and (2) where the courts have determined some protection is necessary for the private and/or public good.

I. HISTORICAL BACKGROUND AND HIGHLIGHTS OF THE NEW ACT

The present drive for revision of the 1909 Copyright Act began in 1955 with the congressional allocation of funds for a com-

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25. *Id.*

26. What types of works are completely outside the current congressional intent? Professor Melville B. Nimmer believes that neither the new Act nor the accompanying reports explicitly answer this question. Nimmer, *supra* note 21, at 981. Professor Nimmer suggests that a footnote in a previous bill, H.R. 4347, provides examples: "typography, unfixed performance or broadcast emissions; blank forms and calculating devices; titles, slogans, and similar short expressions; certain three-dimensional industrial designs; interior decoration; ideas, plans, methods, systems, mathematic principles; formats and synopses of television series and the like; color schemes; news and factual information considered apart from its compilation or expression." H.R. REP. No. 2237, 89th Cong., 2d Sess. 44 n.1 (1966). An item that could possibly be denied protection of copyright, according to Professor Nimmer, is a "discovery." Even if it were not merely an "idea," it could be denied protection on the ground that it is not an original work. The discoverer of a scientific fact, a historical fact, a contemporary news event, or any other fact cannot claim to be the author of that fact. Nimmer, *supra* note 21, at 1016.

prehensive program of research and study of copyright law revision by the Copyright Office of the Library of Congress.[27] The conference committee of the two houses resolved the differences between the Senate and House bills, and on October 19, 1976, President Ford signed the compromise bill.[28] The new provisions of the Copyright Act include:

> * formation of a single system of statutory protection for all copyrightable works, published or unpublished,[29]
> * duration extending to an author's life plus 50 years,[30]
> * permission for the author or heirs to terminate the transfer of rights after 35 years by serving

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27. Congress provided funding for thirty-five studies on copyright revision by the Office of Copyright. Legislative Appropriations Act, ch. 568, 69 Stat. 499 (1955). Congress received the "Report of the Registrar of Copyright on the General Revision of the U.S. Copyright Law." REGISTER OF COPYRIGHTS, COPYRIGHT LAW REVISION, 87TH CONG., 2D SESS., REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (Comm. Print 1961).

28. The first in a long series of bills was introduced in the House (H.R. 11947) and in the Senate (S. 3008) in the 88th Congress, 2d Sess., 1964. In 1965, our bills (H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835) were introduced in the House and S. 1006 was introduced in the Senate, 89th Congress, 1st Sess. There were extensive hearings on H.R. 4347, H.R. 5680, H.R. 6831 and H.R. 6835 before Subcommittee No. 3 of the House Committee on Judiciary, 89th Congress, 1st Sess., 1965 and hearings on S. 1006 before the Subcommittee on Patents, Trademarks and Copyrights of the Senate Committee on the Judiciary, 89th Congress, 1st and 2nd Sess., 1966. *Copyright Law Revision: Hearings on H.R. 2223 Before The Subcomm. on Courts, Civil Liberties and the Administration of Justice in the House Comm. on the Judiciary,* 94th Cong., 1st Sess. (1975). H.R. 2512, 90th Congress, 1st Sess., was passed by the House in April, 1967. The Senate held more hearings on S. 597 before the same subcomittee as S. 1006. There was difficulty in obtaining the Senate passage. In the following years, John L. McClellan continued to introduce more copyright bills into the Senate: S. 543, 91st Congress, 1st Sess., 1969; S. 644, 92nd Congress, 1st Sess., 1971; S. 1361, 93rd Congress, 1st Sess., 1973, *Copyright Law Revision: Hearings on S. 1361 Before the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Comm. on the Judiciary,* 93rd Cong., 1st Sess. (1973); and S. 22, 94th Congress, 1st Sess., 1975. S. 644 was amended and passed as Pub. L. No. 94-140 to deal with sound pirates. The Senate passed S. 1361 after substantial hearings by the Committee on the Judiciary and Committee on Commerce but there was no time for the House to consider it. S. 22 was introduced in 1975, passed the Senate and reported to the House. *See* H.R. REP. No. 1476, 94th Cong., 2d Sess. 47-50 (1976). In 1976, there emerged Pub. L. No. 94-553, 90 Stat. 2541, the new compromise legislation capable of dealing with a range of problems undreamed of when the 1909 Act was passed. The components of the legislative history are contained in: S. REP. No. 473, 94th Cong., 1st Sess. (1975), H.R. REP. No. 1476, 94th Cong., 2d Sess. (1976), and H.R. REP. No. 1733, 94th Cong., 2d Sess. (1976) (the conference committee report).

29. 17 U.S.C. app. § 301 (1976 Supp. II 1979).

30. *Id.* § 302.

written notice on the transferee,[31]
* a specific doctrine of fair use for libraries and archives,[32]
* creation of a copyright royalty tribunal,[33]
* protection against the unauthorized duplication of sound recording,[34]
* compulsory licensing for noncommercial transmissions, jukeboxes, and cable television,[35]
* change in the regulations governing notice of copyright, so that omission of error does not result in a forfeiture of copyright,[36] and
* narrowing of the manufacturing clause.[37]

The new act defines copyrightable works as "original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."[38] "Works of authorship" are delineated as literary, musical, dramatic, choreographic, pictorial, graphic, sculptural works, and audiovisual works, sound recordings, motion pictures, and pantomimes.[39]

During the 21 years of debate over the new law, several industries produced input for the lengthy hearings.[40] The areas of most intensive discussion and lobbying were cable television, library photocopying, educational exemptions for fair use, and sports blackouts.[41] However, federal preemption was not a topic of substantive discussion or controversy in the legislative history.[42]

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31. *Id.* § 304.
32. *Id.* § 108.
33. *Id.* § 801.
34. *Id.* § 114.
35. *Id.* §§ 110, 116, 118.
36. *Id.* §§ 401, 405.
37. *Id.* § 601.
38. *Id.* § 102.
39. *Id.* Five fundamental rights are given in the new copyright act: 1) reproduction, 2) adaption, 3) publication, 4) public performance and 5) public display. *Id.* § 106.
40. The Copyright Act was under consideration by Congress for an extended period of time and its passage was always in peril. Reams of the Congressional Record are filled with hearings on considerations involving diverse topics of copyright. *See* note 28, *supra*.
41. *Id.*
42. *See* note 15, *supra*.

II. DOCTRINE OF MISAPPROPRIATION

A. PROTECTION FOR THE "GRAY AREA"

The "gray area" of copyright law consists of those intangibles that are potentially worthy of protection but have been given inadequate statutory protection by the Copyright Act, either intentionally or unintentionally.[43] For example, in writing the new Copyright Act, Congress explicitly decided not to provide statutory protection in certain specific aspects of computer technology because this technology is too new and complex for definitive standards of protection to be established.[44] Without clear guidelines from Congress, the task of delineating copyright protection in the field of computer design falls to the courts.

B. CREATION OF MISAPPROPRIATION IN THE *International News Service v. Associated Press* DECISION

The first important misappropriation case in the United States was the *International News Service v. Associated Press*[45] decision of the United States Supreme Court in 1918. In this and subsequent misappropriation cases, the Court viewed its underlying task as that of balancing the public with the private good:[46] the public good is benefitted by the introduction and distribution of new ideas, and the private good of the individual creator is protected by a system of incentives which indirectly benefit the public by encouraging the individual to contribute to the public fund of knowledge and ideas. The majority opinion of the Supreme Court in *Associated Press* determined that the underlying incentive for Associated Press to continue to create new intangibles would benefit the public more than would unlimited access to the news provided by its competitor, International

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43. Brown, *supra* note 16, at 1092-1105.

44. *Unfinished Business*, *supra* note 3, at 964.

45. International News Service v. Associated Press, 248 U.S. 215 (1918). This case involved the habitual practice of International News Service (INS) of copying Associated Press (AP) news bulletins from the early editions of AP's own member newspapers. INS then sold the information to its own clients on the west coast. *Id.* at 231-32. The end result was that the original newsgatherer, AP, which bore the cost of collecting and transmitting the news, was unable to keep its west coast clients. INS was able to transmit information swiftly, without the cost of newsgathering. *Id.* at 240. On the grounds that INS was profiting unfairly from the labor and expenditure of AP, the district court granted AP an injunction restraining INS from copying news until the commercial value of the news to AP had passed away. *Id.* at 231-32. The court of appeals upheld the injunction and the Supreme Court affirmed. *Id.* at 232, 246.

46. *See generally, id.* at 217-29.

News Service.[47] The basis of the Court's opinion was that the public would be deprived of a vital source of news if the Associated Press withdrew from the newsgathering business which International News Service had made unprofitable.[48] The Court suggested that the existence of a reliable source of news was in the public interest and that the rights of the public would not be limited if International News Service was enjoined from using Associated Press' news.[49] The second aspect of the majority decision, presented by Mr. Justice Pitney, represented a moral judgment against unjust enrichment: "that defendant is endeavoring to reap where it has now sown."[50] This basic premise, that one who invests resources to produce an item of potential value deserves the reward of investment, has been relied on in several cases where explicit statutory protection was lacking.[51]

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47. *Id.* at 235-40.

48. *Id.* at 230-31, 240-41.

49. *Id.* at 241-42.

50. *Id.* at 239.

51. In Zacchini v. Scripps-Howard Broadcasting Co., 433 U.S. 562 (1977), Zacchini, "the human cannonball," was videotaped in his complete act at a county fairground and shown on a television news program later the same day. Citing Goldstein v. California, 412 U.S. 546 (1973) and Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1974), the Court reaffirmed that the only limitation on the states in regulating the areas of patent and copyright is that they do not conflict with operation of laws passed by Congress. Mr. Justice White, writing for the majority, looked at the state's interest in protecting the proprietary interest of the individual in his act in order to encourage entertainment. 433 U.S. at 576-77. This is similar to the goal of copyright law focusing on the right of the individual to reap the reward of his endeavors. The Court found that no social purpose is served by having the defendant obtain, free of cost, some aspect of the plaintiff's performance that would normally have market value to the plaintiff for which he would normally charge. *Id.* In A & M Records, Inc. v. M.V.C. Distributing Corp., 574 F.2d 312 (6th Cir. 1978), the court stated that

> [w]e find no merit in MVC's contention that congressional activity in the field of copyright law preempts the area and precludes relief on the basis of common law unfair competition. . . . Likewise . . . even if plaintiffs do possess common law property rights in the subject recordings, such rights were extinguished when the recordings were distributed.

Id. at 314 (citations omitted). The court referred to the *Associated Press* opinion in which the Supreme Court characterized the question as concerning the rights between competitiors rather than as the rights of either party against the public. Other cases following the *Associated Press* decision include Pottstown Daily News Pub. Co. v. Pottstown Broadcasting Co., 247 F. Supp. 578 (E.D. Pa., 1965) in which there was misappropriation of newspaper news by a broadcasting station. Noting that it is immaterial whether the news items were copyrighted, the court held that state law could provide a remedy. *Id.* at 582. In Flexitized, Inc. v. National Flexitized Corp., 335 F.2d 774 (2d Cir. 1964) *cert. denied*, 380 U.S. 913 (1965) the court stated that "[r]elief against unfair competition in cases like this is no longer limited in New York . . . rather, as the result of doctrinal development in the wake of the United States Supreme Court's classic decision

The dissenting opinion of Mr. Justice Brandeis in the *Associated Press* case stated that intangibles purposely have not been protected by statute because society has an interest, outweighing that of the creator, in the rapid and inexpensive adoption throughout the economy of good methods, ideas, and products.[52] In addition, the Justice posed the question of whether the legislature, rather than the courts, was the proper agency to grant relief.[53] These views have been upheld by many judges in decisions since *Associated Press*.[54] Relief has been granted routinely in cases resembling *Associated Press*,[55] but extension beyond that scenario has been open to controversy.[56] The merits of each misappropriation claim have been balanced with considerations of incentive, social cost, alternative sources of protection, and the interests of others involved with the exploitation of the intangibles.[57]

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in [*Associated Press*] relief has been granted in New York in a wide variety of situations to insure that 'one may not misappropriate the results of the skill, expenditures, and labors of a competitor.' " *Id.* at 781, *quoting* Electrolux Corp. v. Val-Worth, Inc., 6 N.Y.2d 556, 567, 161 N.E.2d 197, 203, 190 N.Y.S.2d 977, 986 (1959). The court noted that the doctrine of unfair competition has been expanded to include " 'the granting of relief where there was . . . a misappropriation for the commercial benefit of the one person of a benefit or "property right" belonging to another.' Particularly where the defendant's conduct has involved a clear attempt to profit at the expense of the plaintiff. . . ." *Id.* at 782 *quoting* Metropolitan Opera Ass'n v. Wagner Nichols Recorder Corp., *infra* note 61. Thus, relief was granted in this unfair competition claim under the *Associated Press* doctrine against a former exclusive distributor of flexible collar stays sold under an invalid trademark. *Id.* at 783. In Boston Professional Hockey Association v. Dallas Cap and Emblem Mfg., 510 F.2d 1004 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975), the court held that relief was available against the copying of embroidered cloth emblems depicting team marks and symbols. *Id.* at 1013. In Truck Equipment Service Co. v. Fruehauf Corp., 536 F.2d 1210 (8th Cir. 1976), the court granted relief for a misappropriation claim based on an exterior design feature of an unpatented trailer truck, where such features were nonfunctional and had secondary meanings. *Id.* at 1214. In American Broadcasting Co. Merchandising, Inc. v. Button World Mfg., Inc., 151 U.S.P.Q. 361 (Sup. Ct. N.Y. 1966) the court granted a preliminary injunction restraining the production of buttons using "hornet" and pictures of green hornets, in an action by radio broadcastor of "Green Hornet" programs.

52. 248 U.S. at 263.

53. 248 U.S. at 262-67.

54. One famous example was Mr. Justice Learned Hand's consistent refusal to extend the *Associated Press* decision beyond its facts while he sat on the federal court. Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657, 664 (2d Cir. 1955) (L. Hand, J., dissenting); RCA Mfg. Co. v. Whiteman, 114 F.2d 86 (2d Cir. 1940) *cert. denied* 311 U.S. 712 (1940); Cheney Bros. v. Doris Silk Corp., 35 F.2d 279 (2d Cir. 1929) *cert. denied* 281 U.S. 728 (1930).

55. *See generally* cases cited note 49 *supra.*

56. *See generally* cases cited note 52 *supra.*

57. *See generally* cases cited notes 49 and 52 *supra.*

Two major objections have been voiced by opponents of misappropriation: (1) its anticompetitive effects upon society, and (2) the nullification of federal preemption in copyright.[58] Opponents feared this doctrine as a loophole for states to destroy the unity of federal copyright system. The Department of Justice believed that misappropriation was anticompetitive and would nullify the doctrine of federal preemption.[59] Therefore, the Department acted to prevent misappropriation from becoming an explicit exemption to federal preemption in the final wording of the new Act.[60]

C. Application of Misappropriation: The *Metropolitan Opera* Decision

The importance of the doctrine of misappropriation is demonstrated by the unique fact patterns to which it has been applied. In the case of the *Metropolitan Opera Association v. Wagner-Nicholas Recording Corp.*[61] the opera company was in

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58. One fear, that became the basis of opposition, was that misappropriation would be invoked every time an individual did work that another had done first. The fear was that the doctrine of misappropriation would grow and become extended because of uncertainty as to what was proper and what was improper copying. This uncertainty about the parameters of the gray area covered by misappropriation existed because neither *Associated Press* nor any of the other cases concerning misappropriation defined the conduct prohibited. Thus, misappropriation could conceivably be used to sustain perpetual monopolies on items that do not qualify for statutory protection. A basic economic premise of this view is that copying supports and promotes the competitive economic system since it spurs invention and innovation, lowers prices, allocates production, and meets consumer demand, thereby benefitting society. The granting of a monopoly, especially one without a time limitation, is a heavy cost to the community. In addition, administration of protection for intangibles might create difficulties for the courts. All of the above add to the reluctance of the courts to utilize misappropriation. These views are expressed in the letter of Thomas E. Kauper, Assistant Attorney General, Antitrust Division, Department of Justice to Senator Hugh Scott (February 13, 1976) and the letter of Michael Uhlman, Assistant Attorney General of Legislative Affairs, Department of Justice, to Rep. Kastenmeir (July 27, 1976), *see* note 17 *supra*.

59. *Id.*

60. *Id.*

61. 199 Misc. 786, 101 N.Y.S.2d 483 (1950), *aff'd* 279 App. Div. 632, 108 N.Y.S.2d 977 (1951). The Metropolitan Opera Company had an exclusive recording contract with Columbia. The defendant was making and selling unauthorized copies of the operas taped from radio broadcasts of the operas. The state court indicated its willingness to apply the doctrine of misappropriation when necessary. The social policy purpose behind the tort reflects the value judgments of a court when faced with an injury of magnitude for which there is no recognizable or applicable balm. This typifies the concept originally developed in the *Associated Press* decision. The originator of the intangibles has embodied and presented a worthwhile object to the public and should be encouraged, not hounded out of the market place. The originator must be protected so that the public

danger of losing their recording contract with Columbia because the defendant Wagner-Nicholas was taping radio broadcasts of the opera company and selling records without either the permission of or payment to the opera company. As a result of the defendant's activities, Columbia no longer had exclusive distribution of the metropolitan operas. The New York court, in *Metropolitan Opera*, found that, without judicial intervention to protect the opera association, the company would be forced either to give up its radio broadcasts of opera or to lose its exclusive record fees.[62] Either choice meant the loss of income upon which the quality of the opera might depend. If the opera chose to give up broadcasting, people who listened to and enjoyed opera would be deprived of such entertainment. Therefore, the defendant was preliminarily enjoined from recording or selling broadcasts of the plaintiff opera company.[63] The court decided that the social cost would be too great if the lack of legal protection resulted in the opera company's declining to broadcast.[64]

D. Death Blow to Misappropriation: The *Sears-Compco* Doctrine

The *Sears, Roebuck & Co. v. Stiffel Co.*[65] and *Compco Corp.*

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need is met. *See id.* at 792-96, 101 N.Y.S.2d at 488-92. Here, the defendant was in no way helping the opera company meet its heavy operating expenses. If the opera company was forced to curtail or cancel opera, the public would be harmed. Relying on *Associated Press*, the state court in *Metropolitan Opera* prevented distribution of unauthorized recordings of opera radio broadcasts without adverting to the Copyright Act. *Id.* at 802, 101 N.Y.S.2d at 492, 497-98.

62. *Id.* at 794, 101 N.Y.S.2d at 499.

63. *Id.* at 804-05, 101 N.Y.S.2d at 499-500.

64. *Id.* at 802, 101 N.Y.S.2d at 497-98.

65. Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964). The court held that an Illinois state law against unfair competition could not be used to stop duplication of a pole lamp, an item that could not be protected either by a federal patent or by copyright. Although the holding did not extend to copyright, dictum held that the doctrine set forth covered copyright as well as patent:

> the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition. Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent . . . on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes

v. Day-Brite Lighting, Inc.[66] decisions of the Supreme Court in 1964 seemingly struck down the doctrine of misappropriation created by the *Associated Press* decision by invoking federal preemption in two unfair competition cases. One commentator's interpretation of the *Sears-Compco* decisions is that state law may not protect what is not subject to protection under federal law since this would conflict with the federal purpose.[67] The judiciary is required by the supremacy clause of the Constitution to maintain the supremacy of federal law; thus, in a conflict between federal and state law, the federal law prevails if the dispute is in one of the areas of the enumerated powers given to Congress in the Constitution. If the judiciary finds that Congress evidenced an intent to regulate an entire field by its legislation, then state laws in the area are invalid even though there is no direct conflict between state and federal laws.[68] In the Sears-Compco decisions, the Supreme Court determined that Congress had evidenced such an intent in the field of patent law and, therefore, that state unfair competition laws coextensive with federal patent law were unconstitutional.[69]

The existence of extensive federal regulation in a particular area does not necessarily mean that Congress has preempted the field.[70] Items considered by the Court in evaluating preemption

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with the objectives of the federal patent laws.

376 U.S. at 230, 231 (footnotes omitted).

66. Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234 (1964). *Compco* was a companion case to *Sears* handed down the same day. Together the two decisions comprise the *Sears-Compco* Doctrine. The Court in *Compco* held that a state unfair competition law may not prohibit or award damages for copying the configuration in the reflector of a fluorescent lighting fixture unprotected by federal patent or copyright. Federal policy under the Constitution and implementing federal statutes allow free access to copy whatever the federal patent and copyright laws leave in the public domain. *Id.* at 237-38.

67. Professor Paul Goldstein, one of the principal commentators on the *Sears-Compco* doctrine, wrote that the *Sears* and *Compco* decisions of the Supreme Court seemingly struck down the *Associated Press* created doctrine of misappropriation. Although copyright was mentioned only in dictum, Professor Goldstein viewed these decisions as the deathknell of the misappropriation doctrine. The Supreme Court stated that state law may not protect what is not protectable under federal law, 376 U.S. 230-31. *See* Goldstein, *The Competitive Mandate: From Sears to Lear*, 59 CALIF. L. REV. 873 (1971).

68. *See generally* Note, *Preemption as a Preferential Ground: A New Canon of Construction*, 12 STAN. L. REV. 208 (1959).

69. 376 U.S. at 232-33, 237-39.

70. *See* note 68 *supra*. The Supreme Court in the past has framed the question of preemption in terms of specific congressional intent to supersede state law. *Id.* at 209. Preemption occurs when a state statute obstructs the 'accomplishment and execution of

in *Sears-Compco* and other cases include the purpose of the federal regulations, the obligations imposed, the history of state regulation in the field, and the legislative history of the statute.[71] The Court has framed the preemptive question in terms of the specific congressional intent to supersede state laws.[72] Congress rarely anticipates the possible ramifications of its acts on state laws, therefore problems arise with this type of analysis in the area of preemption. Questions arise as to which session of Congress and which intent (author, committee report, or debaters) are relevant. The *Sears-Compco* decisions concerned patent law, not copyright (although copyright law was mentioned in dictum), but the preemption doctrine set down has been applied to copyright law.[73] Some commentators saw the decision as the death note for the doctrine of misappropriation.[74] *Sears-Compco* has been cited in cases since those decisions as a bar to the granting of relief.[75]

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full purposes and objectives of an Act of Congress.' Either a congressional design to 'occupy the field' or a conflict between federal and state statutes is needed to place a state statute in an unconstitutionally obstructive position. *Id.* at 209-10. However, there are considerations completely extrinsic to the statute under consideration which influence the court: (1) subject matter under regulation (2) existence of a true conflict and (3) shifting political views on federalism. One of the leading expressions of the Supreme Court's view from a federalist perspective on preemption is found in Pennsylvania v. Nelson, 350 U.S. 497 (1956). The Court held that Congress intended to occupy the field of anti-sedition when it passed the Smith Act. The criteria mentioned for preemption were cited as pervasiveness, dominant national interest, and possible administrative conflict. *Id.* at 502-05. The potential-conflict standard allowed the Court to examine the operation of statutes rather than confining itself to legislative intent.

71. *See generally* Sears, Roebuck & Co. v. Stiffel, 376 U.S. 225, and Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234.

72. *Id.* at 230-31.

73. *See* note 75 *infra.*

74. *See* notes 26 and 67 *supra.*

75. Lear, Inc. v. Adkins, 395 U.S. 653 (1969) held that the patent-licensee estoppel doctrine was overruled on the authority of *Sears* and *Compco,* permitting a licensee to challenge the validity of the licensed patent. Columbia Broadcasting System, Inc. v. DeCosta (DeCosta I), 377 F.2d 315 (1st Cir. 1967) *cert. denied,* 389 U.S. 1007 (1968) relied on *Sears-Compco* and denied relief on an unjust enrichment claim that the television series "Have Gun, Will Travel" misappropriated plaintiff's "Paladin" character which had been published without copyright. *Sears-Compco* was characterized as having overruled *Associated Press* by clear implication and by permitting the copying of all "writings" unprotected by Congress, "whether deliberately or by unexplained omission." *Id.* at 319. But the *DeCosta* case was retried after Goldstein v. California, 412 U.S. 546 (1973) and the court appointed magistrate held that "*Sears-Compco* had not preempted application of the common law." DeCosta v. Columbia Broadcasting System, Inc., 520 F.2d 499, 509 (1st Cir. 1975) *cert. denied* 423 U.S. 1073 (1976). The court reversed the magistrate's finding on grounds of insufficient evidence of likelihood of confusion. *Id.* at 515. In Tomlin v. Walt Disney Productions, 18 Cal. App. 3d 226, 96 Cal. Rptr. 118

E. Revival of Misappropriation

In the 1970's, *Goldstein v. California*[76] and *Kewanee Oil Co. v. Bicron Corp.*,[77] decided by the Supreme Court, brought the doctrine of misappropriation back to life and created a less rigid interpretation of the doctrine of preemption. In *Goldstein v. California,* a California tape piracy statute was held constitutional.[78] The Court held that the copyright clause of the federal constitution does not vest exclusive power over "writings," in Congress, or bar "state copyrights."[79] The argument used distinguished the *Sears-Compco* doctrine by saying that the Copyright Act does not preempt California statutes because the area of sound recordings was left unattended by Congress and there was no specific intent of Congress to foreclose state regulation.[80] No restraint was placed on ideas because others are always free to simulate (as distinct from duplicate) recordings. *Sears-Compco* was distinguished on the grounds that it was a patent for mechanical configurations and Congress intended that such configurations remain free from state protection if they fail to meet the standards for federal protection.[81] In *Goldstein,* the de-

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(1971), relief was denied for use of the title "The Love Bug." The court held that *Sears* and *Compco* bar relief based on misappropriation theory of title protection and preclude injunctive relief which would totally prevent use of the title. *Id.* at 234, 96 Cal. Rptr. at 122.

76. Goldstein v. California, 412 U.S. 546 (1973).

77. Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470 (1974).

78. 412 U.S. at 571.

79. *Id.* at 556-57.

80. *Id.* at 567-68.

81. In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal law arises in the case of recordings of musical performances. In regard to this category of "Writings," Congress has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act.

Id. at 569-70. The Court developed the "repugnancy standard," which favored a flexible conception of federal-state relations rather than the early twentieth century view of ab-

fendant argued that since Congress clearly stated what was protected by copyright, the other items such as taping, were without any protection and, thus, a state law prohibiting the copying of material not explicitly mentioned in the copyright was conflicting.[82] However, the Supreme Court found no conflict, and held that the states retain concurrent power to afford copyright protection to works as long as such protection does not conflict with federal law.[83] *Goldstein* marks the reemergence of a state presumption and the rejection of the implied federal presumption of preemption.[84]

In *Kewanee*,[85] the Supreme Court considered a patent law case, and thus it had to directly confront the *Sears-Compco* doctrine. The issue in *Kewanee* was whether federal patent law preempted Ohio state trade secret law.[86] After finding no conflict under the *Goldstein* analysis,[87] the Court considered the objectives of the federal and state statutes. Projecting the impact of uninhibited state action, the Court found no frustration of federal purpose.[88] Specifically, the Court identified the policy objectives of preemption and then determined the conflicting interests on a policy basis.[89] The Court decided that the policy of competition inherent in the patent laws was increased, not decreased, by trade secret law of the state and, therefore, no preemption existed.[90]

At this point, it appears that the Supreme Court is willing

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solute federal supremacy. The state-oriented standard of the Court for federal exclusivity may be explained by the Court's reluctance to find in the Constitution a directive preventing the states from regulating an area of tape piracy wholly ignored at that time by Congress. Moreover, the Court found that since the field of sound recordings had been left unattended, because recordings were not writings, there could be no intent to regulate. *Id.* at 570.

82. *Id.* at 551.

83. The Court held that congressional silence left the field open to state regulation. *Id.* at 570. *Sears-Compco* was not explicitly overruled, since the facts of those cases were readily distinguishable by the Court (i.e.—*Goldstein* was a copyright, not a patent law case). *Id.* at 567-70.

84. *See* Note, *The Preemption Doctrine: Shifting Perspectives on Federalism and the Burger Court*, 75 COLUM. L. REV. 623, 639-42 (1975).

85. 416 U.S. 470 (1964).

86. *Id.* at 478.

87. *Id.* at 478-82.

88. *Id.* at 482-93.

89. *Id.* at 479-93.

90. *Id.* at 483.

to reconsider the possibility of state protection for the gray areas not protected by federal statutory regulation.[91] However, a question arises as to the meaning of section 301 of the new Copyright Act. In the area of misappropriation of copyright, the analysis of its legislative history in Congress is muddy enough to be used as a basis for either acceptance or rejection of the doctrine.[92]

III. LEGISLATIVE HISTORY OF SECTION 301 OF THE NEW COPYRIGHT ACT

The conference committee of the two houses resolved the differences between the House and Senate versions of section 301 by adopting the House version that eliminated the checklist in 301(b)(3) which had contained specific mention of misappropriation.[93] The final version of section 301, as enacted, is full of ambiguity.[94] In one area, it is clear any state law will be subject

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91. Presta, *The Boston Professional Hockey Case and Related Cases—A Step in the Right Direction*, 66 T. M. REP. 131 (1976), supports the trend of recent cases which reaffirm the *Associated Press* doctrine of misappropriation and delimit the effect of *Sears-Compco*. The author of Note, Goldstein v. California: *A New Outlook for the Misappropriation Doctrine*, 8 U. S. F. L. REV. 199 (1973) states that the major contribution of the *Goldstein* case is its approval of the misappropriation doctrine as it has developed since *Associated Press*. *Id.* at 211. *See also* Kaul, *And Now, State Protection of Intellectual Property?* 60 A.B.A.J. 198 (1974).

92. "[S]ubstantial areas remain in which federal copyright law extends no protection and for which, consequently, the question of preemption of state law becomes critical. It is in these areas, where precision is most needed, that section 301 will prove most ambiguous." Goldstein, *Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright*, 24 U.C.L.A. L. REV. 1107, 1113 (1977). *See* Katz, *The 1976 Copyright Revision Act and Authors' Rights: A Negative Overview*, 4 PEPPERDINE L. REV. 171 (1977).

93. 17 U.S.C. app. § 301(b)(3) (1976 Supp. II 1979).

94. (a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

to federal preemption if: (1) such law creates legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106,[95] (2) such rights may be claimed in "works of authorship" that are fixed in a tangible medium of expression[96] and come within the subject matter of copyright as specified by sections 102 and 103.[97] Thus, section 301 precludes state protection of works in tangible form which fall within the subject matter of the act when the state attempts to provide protection equivalent to the rights specified in the federal act.

Four general areas in section 301 are left unaffected by preemption: (1) subject matter that does not come within the subject matter of copyright,[98] (2) causes of action arising under state law before January 1, 1978,[99] (3) violations of rights that are not equivalent to any of the exclusive rights of copyright,[100] and (4) sound recordings fixed before February 15, 1972.[101] It can be inferred there is no legislative mandate to eliminate the doctrine of misappropriation since its application is not mentioned for protection of gray areas outside the scope of statutory copyright protection.

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(2) any cause of action arising from undertakings commenced before January 1, 1978; or

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106.

(c) With respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of any State shall not be annulled or limited by this title until February 15, 2047. The preemptive provisions of subsection (a) shall apply to any such rights and remedies pertaining to any cause of action arising from undertakings commenced on and after February 15, 2047. Notwithstanding the provisions of section 303, no sound recording fixed before February 15, 1972, shall be subject to copyright under this title before, on, or after February 15, 2047.

(d) Nothing in this title annuls or limits any rights or remedies under any other Federal statute.

Id. § 301.

95. *Id.*, § 301(a).
96. *Id.*
97. *Id.*
98. *Id.*, § 301(b)(1).
99. *Id.*, § 301(b)(2).
100. *Id.*, § 301(b)(3).
101. *Id.*, § 301(c).

Early versions of the Copyright Act explicitly eliminated the doctrine of misappropriation from the checklist of activities exempted from preemption.[102] There is testimony by representatives of the Department of Commerce in favor of including the doctrine of misappropriation, but the testimony depicts an awareness that there is a diversity of opinion between government agencies.[103] The Commerce Department specifically requested inclusion of misappropriation into the checklist of section 301(b)(3).[104]

The House Report on Senate Bill number 22, the final Senate version of the new Act indicated that misappropriation is not to be preempted by section 301.[105] The House Report states the need for flexibility to afford a remedy against the consistent

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102. The text of section 301(b)(3) in S. 1361 was as follows:

> activities violating rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 including breaches of contract, breaches of trust, invasions of privacy, defamation, and deceptive trade practices such as passing off and false representation.

S. 1361, 93rd Cong. 1st Sess. § 301(b)(3) (1973).

103. The Department of Commerce representative, Rene Tegtmeyer, expressed a favorable attitude toward the doctrine of misappropriation in hearings on H.R. 2223 where he proposed a solution to the problem of the gray area: Congress should list the activities violating rights that are not equivalent to any of the exclusive rights within the scope of copyright protection:

> Turning to the question of preemption, we agree with the preemption of State copyright laws pursuant to section 301(a), and with the principles embodied in that section, that there should be a single Federal system for copyright. However, the language of § 301(b)(3) should be in our view modified to make it clear that the phrase 'all rights in the nature of copyright' will not be construed to preempt parts of the state law of unfair competition which are now codified in statute or established by Federal or state court decisions applying in the common law . . . a solution we propose . . . listing . . . misappropriation we believe that such a remedy should continue to be available for the type of conduct proscribed in the [*Associated Press*] case . . . That case represents an example of one area which we particularly feel should not be preempted by the copyright law because the copyright law does not provide the same manner of protection that the [*Associated Press*] case decision does . . . We speak only for our department.

Copyright Law Revision, Hearings on H.R. 2223 before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the House Comm. on the Judiciary, 94th Cong., 1st Sess. (1975) (Statement of Rene Tegtmeyer, Assistant Commissioner for Patents, Department of Commerce).

104. *Id.*

105. S. 22, 94th Cong., 1st Sess. § 301 (1975).

pattern of unauthorized appropriations by competitors, whether the misappropriation is in the "traditional mold" or in newer technological forms.[106] Part of the legislative history of section 301 involves the exchange that took place on the floor of the Senate in the final days before passage.[107] Senator Hugh Scott introduced into the Congressional Record the Kauper letter from the Justice Department advocating the exclusion of misappropriation from the list of exemptions to federal preemption in section 301.[108] This letter, which charged that misappropriation was anticompetitive and would nullify preemption, was acknowledged and entered into the record, but section 301 was not

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106. H.R. REP. No. 1476, 94th Cong., 2d Sess. 132 (1976). Misappropriation was clearly stated as NOT being preempted by § 301(b)(3) by Senator John McClellan on November 20, 1975. *Id.* at 115-16. Mr. McClellan's stand is important since he introduced the copyright bills into the Senate over the entire period under consideration, and was chairman of the committee that considered the bill. *See Copyright Law Revision Hearings on S. 1361, supra* note 28. In S. 22 the last copyright bill considered and finally passed by the Senate, the following words exist in the final form:

> § 301(b)(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by § 106, including rights against misappropriation not equivalent to any of such exclusive rights, breaches of contract, breaches of trust, trespass, conversion, invasion of privacy, defamation, and deceptive trade practices such as passing off and false representation.

S. 22, 94th Cong., 1st Sess. § 301 (1975). Note the clear statement that misappropriation is not preempted in H.R. Rep. No. 1476 on S. 22:

> The examples in clause (3), while not exhaustive, are intended to illustrate rights and remedies that are different in nature from the rights comprised in a copyright and that may continue to be protected under State common law or statute . . . "Misappropriation" is not necessarily synonymous with copyright infringement, and thus a cause of action labeled as "misappropriation" is not preempted if it is in fact based neither on a right within the general scope of copyright . . . nor on a right equivalent thereto. For example, state law should have the flexibility to afford a remedy (under traditional principles of equity) against a consistent pattern of unauthorized appropriation by a competitor of the facts (i.e., not the literary expression) constituting "hot" news whether in the traditional mode of [*Associated Press*] or in the newer forms of data updates from scientific, business, or financial data bases. Likewise . . . sanctions against electronically or cryptographically breaching the proprietor's security arrangements.

H.R. Rep. No. 1476, 94th Cong. 2d Sess. 132 (1976).

107. *See* note 58 *supra.*

108. *Id.*

changed.[109]

The Department of Justice was a strong advocate for the elimination of misappropriation from section 301.[110] However, their position favoring its abolition must be discounted, since it could be construed as representing a policy of self aggrandizement. The Department of Justice is not the agency of administration of the Copyright Act, and the Court in *Goldstein* looked to interpretation by the courts, the agency empowered to administer the copyright statutes, and Congress itself.[111]

Although Congress had not responded to the Kauper letter, it did respond to the later Uhlman letter from the Department of Justice, which criticized the inclusion of misappropriation in section 301, by passing the Seiberling Amendment.[112] The Seiberling Amendment simply removed the entire checklist of areas (including misappropriation) exempted from federal preemption that came to it from the Senate in bill number 22.[113] There was ambiguity in the dialogue that preceded the vote.[114] Maintaining federal preemption was the only reason that Mr. Seiberling gave for his amendment and he declared he had no intent to nullify state misappropriation laws.[115]

No firm conclusions about congressional intent can be drawn from the legislative history. In regard to the Seiberling Amendment, first, Mr. Seiberling was not the author of the bill; second, the few legislators involved in the discussion could hardly be called representatives of the Congress as a whole;[116]

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109. *Id.*

110. *Id.*

111. 412 U.S. at 567-68.

112. *See* note 58 *supra.*

113. *See* note 105 *supra* and 122 CONG. REC. 32105 (1976).

114. The Seiberling Amendment was the cause of the removal of the checklist of section 301(b)(3) which contained the explicit mention of misappropriation. Generally, floor remarks during passage are not considered definitive by the Supreme Court in interpreting legislative history, thus no conclusion should be drawn from the interchange on the floor. The Uhlman letter which details the Department of Justice's views on misappropriation is referred to. *See* notes 16 and 58 *supra.* Mr. Railsback specifically asked Mr. Seiberling if the amendment was trying to change the existing state of the law in states that have recognized the right of recovery related to misappropriation. Mr. Seiberling responded that he was trying to leave existing state law alone. 122 CONG. REC. 32105 (1976).

115. *Id.*

116. *Id.*

and third, floor remarks during passage are rarely considered definitive by the Supreme Court in interpreting legislative history.[117] The timing of the Seiberling Amendment, September 22, 1976, is important since it was the last day for congressional examination of the Copyright bill; the conference committee adopted the House Report on September 29th and the House and Senate adopted the conference report on September 30th.[118] After 21 years, the eagerness of the legislators to finish may have been more important than the ambiguous interchange of the Seiberling Amendment.

The extent to which the courts will be willing to take the legislative history of the Act into consideration is in doubt. Judges have often used or ignored the legislative history, according to personal preference. Justice Holmes and Mr. Justice Jackson were outspoken in distaste for these vagaries in the usage of legislative history. Mr. Justice Jackson said "that process seems to me not interpretation of a statute but creation of a statute."[119] A middle of the road approach was advocated by Mr. Justice Reed: when possible, follow the plain meaning of the words in the statute, but "when that meaning has led to absurd or futile results, however, this court has looked beyond the words to the purposes of the act."[120]

CONCLUSION

Misappropriation is an important doctrine in the area of copyright protection for intangibles that fall in the gray areas. In the period between 1909 and 1976 major technological changes occurred that were not capable of being regulated by the legislation of 1909. The first major complete revision of the 1909 Act was completed in 1976. The 1976 Act solves many of the problems by explicit statutory protection of those defined problem areas. However, the new Act leaves open the possibility of the recurrence of similar problems in the areas of technological advance occurring in our immediate future. Moreover, Congress has a poor history of timely response to the problems created by

117. 2.A, C.D. SANDS, SUTHERLAND STATUTORY CONSTRUCTION 216-17 (4th ed. 1973).

118. *See* note 28 *supra*.

119. United States v. Public Utilities Commission of Cal., 345 U.S. 295, 319 (1953) (Jackson, J., concurring).

120. United States v. American Trucking Association, 310 U.S. 534, 543 (1940).

emerging technology.

The problem of new technology requires tools that are flexible, such as utilization of the doctrine of misappropriation when and where applicable. Misappropriation is a flexible doctrine that can be applied in situations involving unique fact patterns. Yet, it is sufficiently restricted in scope to avoid problems of interference with competition and nullification of preemption. The existence of misappropriation provides encouragement for competition by protecting the development of technological advances.

The Supreme Court has utilized the doctrine of preemption to express the various judicial philosophies of different ages. In the 50's, preemption was used to uphold federal legislation.[121] However, in its last major copyright decision, the Supreme Court expressed the attitude that preemption is not going to be used to strike down state action in the area of copyright.[122] Moreover, our constitutional history exhibits a pattern of concurrent federal and state regulation. The *Goldstein* decision reaffirmed this historic pattern. Even with the existence of the new Act, the actions of the Supreme Court in this area are not foreseeable. Yet, it would be consistent with the recent pattern of the Courts' decisions on preemption to continue a pattern of allowing the states latitude to act as long as there is no direct conflict with federal regulation.

There is no guidance from the language of the new Act on the conflict between state and federal regulation nor is there clear guidance for the courts in the Act's legislative history. The diverse strands of the legislative history neutralize its historic impact. Thus, the courts are left free to act as they choose to solve the problems that will arise. With both the freedom to act and the revival of the doctrine of misappropriation the Supreme Court will utilize this doctrine as new problems emerge under the application of the new Act. Yet, the doctrine of misappropriation certainly will not limit the scope of copyrightable material protected by the express language of the Act.

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121. *See generally* note 12 *supra* and accompanying text.

122. *See* note 76 *supra* and accompanying text.