

# “A Species of Mutant Copyright Law”: An Argument Against Using the Commerce Clause to Protect Databases

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I.	INTRODUCTION .....	87
II.	DATABASE PROTECTION BILLS IN THE 108TH CONGRESS.....	89
III.	<i>FEIST PUBLICATIONS, INC. v. RURAL TELEPHONE SERVICES CO. AND THE “SWEAT OF THE BROW” THEORY</i> .....	94
IV.	MISAPPROPRIATION, UNFAIR COMPETITION, AND INS .....	97
V.	THE SUPREME COURT AND RESTRICTIONS ON THE COMMERCE CLAUSE.....	101
	<i>A. Cases Involving a Federal-State Conflict</i> .....	103
	<i>B. Cases Involving a Federal-Federal Conflict</i> .....	105
VI.	CONCLUSION .....	109

## I. INTRODUCTION

A private company requests raw data, such as census numbers, tax assessments, and crime statistics, from a local government. The data is on paper, so the company’s employees enter the information into a computer. The data probably has limited value until the company combines the information with software that groups and sorts the data into a format that is useful. Perhaps the company gathers data from other municipalities, which makes the company’s collection even more interesting because the information can now paint a broader picture. The company then decides to sell the database through the company’s Web site or on a compact disc.

What happens if the company learns that someone is using that database without the company’s permission? Perhaps a competitor is using an Internet spider to gather the information off the company’s site

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\* *Dastar Corp. v. Twentieth Century Fox Film*, 539 U.S. 23 (2003).

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or burning unauthorized CD copies. Should the company be able to file suit claiming copyright infringement of its database?

That company can file a lawsuit. But under the United States Supreme Court decision in *Feist Publications, Inc. v. Rural Telephone Services Co.*, only the selection and arrangement of the data can be protected by copyright—the facts cannot.<sup>1</sup>

Since *Feist*, members of Congress have sought to pass bills that would provide protection against copying and other unauthorized uses of databases that consist of a collection of facts and other information.<sup>2</sup> In a recent session of Congress, lawmakers proposed two bills that would have created a cause of action for “misappropriation” of databases. The first proposal, H.R. 3261, introduced in October 2003, would allow parties that create or maintain information in databases to file civil suits in federal court against a party that misappropriates a substantial part of the database’s information.<sup>3</sup> The second proposal, H.R. 3872, introduced in March 2004, would make misappropriation of a database an unfair method of competition and an unfair or deceptive act or practice in commerce under section 5(a)(1) of the Federal Trade Commission Act (FTCA).<sup>4</sup>

Sponsors of these bills say the legislation is needed to discourage “free-riders” who steal information from the databases but do not invest the time, money, and resources to produce the databases.<sup>5</sup> Critics respond that the proposals give copyright-like protection to factual compilations and would make it more difficult for the public to access facts that are in the public domain.<sup>6</sup> They point to the Supreme Court’s decision in *Feist* to argue that the Patent and Copyright Clause of the

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1. 499 U.S. 340 (1991).

2. The first bill, H.R. 3531, entitled the “Database Investment and Intellectual Property Antipiracy Act of 1996,” was introduced during the 104th Congress. No action was taken. Additional bills were introduced in the 105th, 106th, and 107th Congresses. H.R. REP. NO. 108-421, pt. 1, at 9-10 (2004).

3. Database and Collections of Information Misappropriation Act, H.R. 3261(a), 108th Cong. (2003).

4. Consumer Access to Information Act, H.R. 3872, 108th Cong. (2004). Section 5(a)(1) of the Federal Trade Commission Act provides: “Unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.” 15 U.S.C. § 45(a)(1) (2000).

5. H.R. REP. NO. 108-421, pt. 1, at 7.

6. See, e.g., PublicKnowledge.org, *Public Knowledge Calls for End to Database Protection Bill*, Feb. 12, 2004, <http://www.publicknowledge.org/content/press-releases/press-release-2-12-2004/view>.

Constitution does not allow Congress to give federal copyright protection to facts.<sup>7</sup>

The bills would provide a remedy to what is essentially unauthorized use and distribution of a database. However, rather than relying on Congress's power under the Patent and Copyright Clause,<sup>8</sup> the proposals make use of Congress's constitutional power to regulate interstate commerce.<sup>9</sup> This strategy raises the question of whether Congress may use the Commerce Clause to provide protection against copying where it could not provide the protection under the Copyright Clause. The Supreme Court has not yet answered this question.<sup>10</sup>

This Article will analyze whether Congress may use the Commerce Clause to create a misappropriation cause of action aimed at protecting databases. Part II will review the two bills introduced during the 108th Congress. Part III will assess the *Feist* decision and the Court's rejection of "sweat of the brow" as a basis for giving copyright protection to facts within a compilation. Part IV will discuss misappropriation as an alternative cause of action for protecting intellectual property, including the Court's holding in *International News Service v. Associated Press*. Part V will discuss the Supreme Court's jurisprudence with regard to the Commerce Clause and the contention that the Patent and Copyright Clause creates a limit on Congress's power under the Commerce Clause. This Article will argue that Congress cannot use its Commerce Clause power to protect databases under a misappropriation claim because to do so would upset the balance in the Patent and Copyright Clause between an author's interests and the public's right to the free flow of information. Database protection legislation tilts too heavily toward the rights of database owners and against public access to information, thereby impeding the Patent and Copyright Clause's mandate of advancing science and the arts.

## II. DATABASE PROTECTION BILLS IN THE 108TH CONGRESS

In recent years, the amount of information stored in databases has grown tremendously. In the decade after the *Feist* decision, the database

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7. The Copyright Clause provides that "Congress shall have Power . . . [t]o 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, cls. 1, 8.

8. This Article will also refer to this clause as the Copyright Clause when speaking specifically in the context of copyright.

9. The clause provides: "The Congress shall have Power . . . [t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes." U.S. CONST. art. I, § 8, cl. 3.

10. See *infra* note 102 and accompanying text.

market grew 147%, while the amount of information presented in databases grew 363%.<sup>11</sup> By 2002, the private sector constituted 90% of the database market.<sup>12</sup> The issue of legal protection for databases has taken on new urgency because databases are used increasingly on the Internet, where they are more vulnerable to copying.<sup>13</sup>

The first database bill introduced during the 108th Congress was H.R. 3261, sponsored by Representative Howard Coble.<sup>14</sup> The bill provides a cause of action against:

Any person who makes available in commerce to others a quantitatively substantial part of the information in a database generated, gathered, or maintained by another person, knowing that such making available in commerce is without the authorization of that other person . . . or that other person's licensee, when acting within the scope of its license . . . .<sup>15</sup>

Three requirements must be met to qualify for protection. First, the database must be “generated, gathered, or maintained through a substantial expenditure of financial resources or time.”<sup>16</sup> Second, the defendant’s act of making the database available in commerce must occur “in a time sensitive manner and inflict[] injury on the database or a product or service offering access to multiple databases.”<sup>17</sup> Third, the ability to “free ride” on the database owner’s efforts must “so reduce the incentive to produce or make available that database or the product or service that its existence or quality would be substantially threatened.”<sup>18</sup> These requirements reflect the Supreme Court’s holding in *International*

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11. *Capitol Hill*, WARREN’S WASH. INTERNET DAILY, 2004 WL 60517497, Mar. 16, 2004 (citing Martha E. Williams, *The State of Databases Today: 1998*, in GALE DIRECTORY OF DATABASES, at xviii (Erin E. Holmberg ed., Sept. 1997)).

12. *Id.*

13. *See, e.g.*, *Nautical Solutions Mktg. v. Boats.com*, No. 8:02-CV-760-T-23TGW, 2004 U.S. Dist. LEXIS 6304, at \*3 (D. Fla. Apr. 1, 2004) (involving a complaint that the defendant used an Internet “spider” to extract facts from a searchable database accessible on a Web site); *EPM Commc’ns, Inc. v. Notara, Inc.*, No. 00 Civ. 4299 (LMM), 2000 U.S. Dist. LEXIS 11533, at \*7 (S.D.N.Y. Aug. 11, 2000) (involving a complaint against a Web site accused of copying large portions of the plaintiff’s electronic Web site database); *Pollstar v. Gigmania Ltd.*, 170 F. Supp. 2d 974, 976 (E.D. Cal. 2000) (involving a claim that a competitor downloaded information about up-to-the-day concert information from the plaintiff’s Web site). For a complete discussion about databases in the digital world, see Mary Maureen Brown et al., *Database Protection in a Digital World*, 6 RICH. J.L. & TECH. 2 (1999).

14. The House Committee on the Judiciary gave the bill a favorable report on February 11, 2004, but the bill received an unfavorable report from the Energy and Commerce Committee. *Capitol Hill*, *supra* note 11.

15. H.R. 3261, 108th Cong. § 3(a) (2003). The bill specifies that the legislation would allow others to independently gather the information by other means. *Id.* § 4(a).

16. *Id.* § 3(a)(1).

17. *Id.* § 3(a)(2).

18. *Id.* § 3(a)(3).

*News Service v. Associated Press*<sup>19</sup> and the United States Court of Appeals for the Second Circuit's holding in *National Basketball Ass'n, Inc. v. Motorola, Inc.*, discussed in Part III.<sup>20</sup>

The bill defines a database as “a collection of a large number of discrete items of information produced for the purpose of bringing such discrete items of information together in one place or through one source so that persons may access them.”<sup>21</sup> The definition has several exclusions, including a “work of authorship, other than a compilation or a collective work.”<sup>22</sup> The term “information” is defined as “facts, data, works of authorship, or any other intangible material capable of being generated or gathered.”<sup>23</sup> Arguably, based on these definitions, a database could qualify for protection even if it is a compilation of uncopyrightable works, such as an anthology of plays in the public domain. The bill also gives protection to information collected by the government but maintained by a private party acting outside the government's scope.<sup>24</sup>

The bill defines “making available in commerce to others” as making the database available to a substantial number of members of the public a number of persons beyond an individual's family and social circle, or making the database available to a number of people beyond “those who could reasonably anticipate to have a database made available in commerce to them without a customary commercial relationship.”<sup>25</sup> The legislation essentially requires those who want to use the database to obtain the database owner's consent through a licensing or similar agreement.<sup>26</sup> For purposes of liability, “injury” under the second requirement means “serving as the functional equivalent in the same market as the database in a manner that causes the displacement, or the disruption of the sources, of sales, licenses, advertising, or other revenue.”<sup>27</sup> Thus, only databases that have no commercial value whatsoever would remain unprotected. The bill does not explain the meaning of “time sensitive,” except to provide that the court shall

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19. 248 U.S. 215 (1918).

20. See *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997).

21. H.R. 3261(a), 108th Cong. § 2(4)(A).

22. *Id.* § 2(4)(B). Other exclusions are collections of information that principally address, route, transmit, or store digital online communications or receive access to connections for digital communications; collections of information gathered, organized, or maintained to provide multichannel audio or video programming; and collections of information gathered or maintained to register domain names registrant contact information. *Id.* § 2(4)(B)(ii-iv).

23. *Id.* § 2(7).

24. *Id.* § 5(a)(2).

25. *Id.* § 2(11).

26. H.R. REP. NO. 108-421, pt. 1, at 14 (2004).

27. H.R. 3261(a), § 3(b).

consider the “temporal value of the information in the database, within the context of the industry sector involved.”<sup>28</sup>

Under the bill, remedies for database misappropriation would include temporary and permanent injunctions, monetary damages to the plaintiff, impoundment, remedial modification and destruction of databases, court costs, and attorney’s fees.<sup>29</sup>

The House Committee on the Judiciary asserted that the bill “is constitutionally sound and is not a derivation of or an expansion to copyright since it is based on a misappropriation model. The Committee further notes that the Congress is fully empowered to legislate in this area based on its Commerce Clause power.”<sup>30</sup>

In response to concerns that H.R. 3261 would hinder the flow of factual information, an alternative bill was introduced, H.R. 3872.<sup>31</sup> Under the alternate bill, misappropriation of a database would mean:

- (1) a person (referred to in this section as the “first person”) generates or collects the information in the database at some cost or expense;
- (2) the value of the information is highly time-sensitive;
- (3) another person’s (referred to in this section as the “other person”) use of the information constitutes free-riding on the first person’s costly efforts to generate or collect it;
- (4) the other person’s use of the information is in direct competition with a product or service offered by the first person; and
- (5) the ability of other parties to free-ride on the efforts of the first person would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.<sup>32</sup>

Remedies would be the same as those available for violations of unfair or deceptive trade practice rules under section 18(a)(1)(B) of the FTCA, including civil penalties and injunctions.<sup>33</sup> Claims would be enforced by the Federal Trade Commission.<sup>34</sup>

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28. *Id.* § 3(c). The House Report shed no light on how a court should determine whether a database is time sensitive. *See id.*

29. *Id.* § 7.

30. H.R. REP. NO. 108-421, pt. 1, at 17-18. The report cited no authority for this claim. *See id.*

31. H.R. REP. NO. 108-437, at 3 (2004). Criticism of the bill came from a variety of Internet companies, civil liberties groups, and research advocacy organizations. Michael S. Gerber, *Groups Voice Dismay over Database Bill*, THE HILL, Oct. 21, 2003, at 9.

32. H.R. 3872, 108th Cong. § 2(b) (2004).

33. 15 U.S.C. § 45 (2000); H.R. 3872, § 4(a).

34. H.R. 3872, § 4(b). The House Committee Report on H.R. 3872 explained that exclusive enforcement by the FTC would eliminate fears that the legislation could be used for anticompetitive purposes, thereby chilling the use of factual information. H.R. REP. NO. 108-437, at 3.

Although the bill mirrors a Second Circuit ruling in a case involving misappropriation,<sup>35</sup> the bill is troubling because a database owner would need to put only “some cost or expense” into a database in order to justify a misappropriation claim. How much is “some?” Defining the requisite level of investment becomes even more problematic where a private party takes a preexisting database that is in the public domain, such as a collection of government records, adds value to the database, and then claims legal rights to the improved database.<sup>36</sup> Such a vague, low threshold surely would lead to abuse.

The two bills provide protections that are similar to those available in copyright law. For instance, the bills regulate the use of facts and data, which are within the subject matter of copyright. Congress has considered copyright protection for facts and decided that protection does not extend to a “discovery” or fact.<sup>37</sup> Similarly, the Copyright Act provides protections for compilations, although “[t]he copyright in a compilation or derivative work extends only to the material contributed by the author.”<sup>38</sup>

Furthermore, the bills are aimed at preventing unauthorized copying and distribution of a database. Copying and distribution rights are part of the bundle of rights provided under the Copyright Act.<sup>39</sup> The bills also limit the ability to display the database to the public, which invokes another right under copyright law.<sup>40</sup> Finally, the bills provide remedies that are comparable to those in the Copyright Act. The Copyright Act provides for temporary and final injunctions as well as actual damages and profits,<sup>41</sup> similar to the monetary damages, civil penalties, and injunctions under the two database bills. Although the bills provide a number of rights to database owners, the rights of the public are less clear. Neither bill explicitly recognizes fair uses that are provided in the Copyright Act. However, H.R. 3261 provides limited exceptions for newsgathering, government-owned and maintained databases, and educational nonprofit research.<sup>42</sup>

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35. See *Nat'l Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997). For discussion, see *infra* Part IV.

36. U.S. Copyright Office, Report on Legal Protection for Databases (Aug. 1997), <http://www.copyright.gov/reports/dbase.html> [hereinafter Report on the Legal Protection of Databases].

37. Copyright Act of 1976, 17 U.S.C. § 102(b) (2000).

38. *Id.* § 103(b).

39. *Id.* § 106(1), (3).

40. *Id.* § 106(5).

41. *Id.* §§ 502, 504.

42. H.R. 3261(a), 108th Cong., §§ 4(b), 4(d), 5 (2003).

III. *FEIST PUBLICATIONS, INC. v. RURAL TELEPHONE SERVICES CO.* AND THE “SWEAT OF THE BROW” THEORY

The bills are a response to *Feist Publications, Inc. v. Rural Telephone Services Co.*, in which the Supreme Court made clear that facts within a compilation cannot be protected by copyright because only a compilation’s creative elements, such as the selection and arrangement of facts, are copyrightable.<sup>43</sup>

At issue in *Feist* was whether a publisher of a telephone directory could prevent another company from copying an alphabetical listing of names and telephone numbers compiled in a white-pages directory.<sup>44</sup> The publisher, Rural Telephone Service Co., had refused to grant Feist Publications a license to use the information in Rural’s white pages.<sup>45</sup> Feist published the information in its own directory without Rural’s consent.<sup>46</sup> Rural sued for copyright infringement.<sup>47</sup>

The Supreme Court held that Rural Telephone’s white pages could not be copyrighted. Noting that originality is a “bedrock principle of copyright,” the Court held that facts cannot be subject to copyright because the person who finds and reports a fact has not created the fact, “he or she has merely discovered its existence.”<sup>48</sup> This is true for all facts that are “scientific, historical, biographical, and news of the day. They may not be copyrighted and are part of the public domain available to every person.”<sup>49</sup> However, a factual compilation may satisfy the originality requirement through the selection and arrangement of the facts if these elements meet the minimal level for creativity.<sup>50</sup> Consequently, copyright protection for a factual compilation is “thin,” which means others may use the facts in preparing a competing work, as long as they do not use the same selection and arrangement.<sup>51</sup>

This principle is more than a product of the statutory scheme—“[i]t is . . . the ‘essence of copyright,’ and a constitutional requirement,” the Court wrote.<sup>52</sup> The goal of copyright protection is not to reward authors

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43. 499 U.S. 340 (1991). The House reports for both bills acknowledge that they are a response to the *Feist* decision. H.R. REP. NO. 108-421, pt. 1, at 8 (2004); H.R. REP. NO. 108-437, at 2 (2004).

44. *Feist*, 499 U.S. at 344.

45. *Id.* at 343.

46. *Id.* at 344.

47. *Id.*

48. *Id.* at 345, 347.

49. *Id.* (internal quotations and citations omitted).

50. *Id.* at 348-49.

51. *Id.* at 349.

52. *Id.*



but “[t]o promote the Progress of Science and useful Arts.”<sup>53</sup> Because copyright encourages others to build on ideas and information, the facts in a compilation may be copied. “[It] is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.”<sup>54</sup> The Court concluded that Feist’s directory, which was organized alphabetically, failed to meet the minimum level of creativity.<sup>55</sup>

The Court also rejected a doctrine accepted in some lower courts that factual compilations could be protected under the theory of “sweat of the brow,” in which copyright was “a reward for the hard work that went into compiling facts.”<sup>56</sup> “The ‘sweat of the brow’ doctrine had numerous flaws,” the Court explained, because “it extended copyright protection to the facts themselves,” beyond the compiler’s copyrightable selection and arrangement.<sup>57</sup> “Sweat of the brow” “eschewed the most fundamental axiom of copyright law—that no one may copyright facts or ideas.”<sup>58</sup>

The *Feist* Court did not address directly whether an uncopyrightable fact could be protected under a different legal theory not based on copyright. The closest the Court came was an acknowledgment in a footnote that the Court had decided *International News Service v. Associated Press*, another case involving protection of facts, on noncopyright grounds.<sup>59</sup> Since *Feist*, courts have held consistently that facts cannot be copyrighted.<sup>60</sup>

*Assessment Technologies of WI, LLC v. WIREdata, Inc.*, decided in 2003, merits closer attention because the decision strongly reaffirmed

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53. *Id.* (quoting U.S. CONST., art. I, § 8, cl. 8).

54. *Id.* at 350.

55. *Id.* at 364.

56. *Id.* at 352.

57. *Id.* at 353.

58. *Id.* In support, the Court cited *International News Service v. Associated Press* for the proposition that the 1909 Copyright Act conferred copyright protection only on elements that were original to the author. 248 U.S. 215, 231-32 (1918). From *INS*, the Court approvingly quoted: “The news element—the information respecting current events contained in the literary production—is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day.” *Feist*, 499 U.S. at 354 (quoting *INS*, 248 U.S. at 234). Thus, the Court made clear that any effort to protect facts based on the “sweat of the brow” theory “flouted basic copyright principles.” *Id.*

59. See *supra* note 58 and accompanying text; see also *infra* Part IV.

60. For instance, in *Nautical Solutions Marketing v. Boats.com*, a Florida district court held that the owner of a database that listed yachts for sale could not claim copyright in the facts within the database. No. 8:02-CV-760-T-23TGW, 2004 U.S. Dist. LEXIS 6304, at \*4 n.4 (D. Fla. 2004). Similarly, in *American Massage Therapy Ass’n v. Maxwell Petersen Associates*, an Illinois court granted a motion for summary judgment to a defendant who had copied names and other directory information from the plaintiff’s membership directory. 209 F. Supp. 2d 941, 948 (D. Ill. 2002).

*Feist's* holding that facts may not be copyrighted.<sup>61</sup> The opening line of the opinion, written by Judge Richard A. Posner for the United States Court of Appeals for the Seventh Circuit, makes clear the court's stance on the plaintiff's claim: "This case is about the attempt of a copyright owner to use copyright law to block access to data that not only are neither copyrightable nor copyrighted, but were not created or obtained by the copyright owner."<sup>62</sup>

The plaintiff, Assessment Technologies (AT), had copyrighted a computer program used to compile tax assessment data.<sup>63</sup> The data itself was collected by tax assessors whom local municipalities had hired to visit properties and talk to owners.<sup>64</sup> The assessors entered the information they had gathered into a computer using software from AT. AT's software, in conjunction with another program, grouped the information together into various useful tables.<sup>65</sup>

The defendant, WIREdata, had requested the data from the local municipalities. The municipalities denied WIREdata's records request, believing that providing the data would violate AT's copyright.<sup>66</sup> WIREdata sued the municipalities, and AT brought its own suit to stop WIREdata from making its demands.<sup>67</sup>

The appellate court held that AT could not prevent WIREdata from receiving a copy of the raw data<sup>68</sup> because the data was in the public domain.<sup>69</sup> The court rejected AT's arguments that the data and the copyrighted software were inextricably linked. The court stated that "AT is trying to use its copyright to sequester uncopyrightable data, presumably in the hope of extracting a license fee from WIREdata."<sup>70</sup> The court finished the opinion by suggesting methods by which the data could be obtained without infringing AT's copyright.<sup>71</sup>

Because *Feist* made clear that facts within a compilation are free for the public to use, and a compiler's time and efforts do not justify a

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61. 350 F.3d 640 (7th Cir. 2003).

62. *Id.* at 641.

63. *Id.* at 642.

64. *Id.*

65. *Id.* at 642-43. The court suggested that the municipalities use Market Drive to extract the data, use Microsoft Access to create an electronic file, allow programmers furnished by WIREdata to use their computers to extract the data, or copy the database file and give it to WIREdata to extract the data. *Id.*

66. *Id.* at 642.

67. *Id.*

68. *Id.* at 647-48.

69. *Id.* at 644 ("[A]ll that is sought is raw data, data created not by AT but by the assessors, data that are in the public domain.").

70. *Id.* at 645.

71. *Id.* at 647-48.

copyright monopoly on the facts in a compilation, database owners have looked for alternative theories under which the entire database—facts as well as the arrangement and selection—might receive protection.<sup>72</sup> The cause of action proposed in the database legislation is built on misappropriation, a type of unfair competition.

#### IV. MISAPPROPRIATION, UNFAIR COMPETITION, AND INS

Misappropriation and its interplay with copyright law can be traced back to the Supreme Court's holding in *International News Service v. Associated Press*.<sup>73</sup> The case involved two competing news services, the Associated Press (AP) and the International News Service (INS). AP had filed suit against INS to prevent INS from pirating AP's news stories.<sup>74</sup> The specific issue before the Supreme Court was whether INS could be restrained from appropriating news taken from the AP bulletins or other newspapers for the purpose of selling the stories to INS's clients.<sup>75</sup> Because the AP produced a large number of stories each day, it had not sought copyright protection on each story.<sup>76</sup>

The Court began by observing that, although a news story's literary qualities may receive copyright protection, the specific information in the news story could not be copyrighted.<sup>77</sup> The information "is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day."<sup>78</sup> However, AP's complaint against INS was for unfair competition in business. The Court was concerned about the business of making news known to the world:

That business consists in maintaining a prompt, sure, steady, and reliable service designed to place the daily events of the world at the breakfast table of the millions at a price that, while of trifling moment to each reader, is

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72. Other theories include registration of databases, trade secret protection, contract law, and use of technological measures. See generally David G. Wille et al., *Exploring Emerging Issues: New Intellectual Property, Information Technology, and Security in Borderless Commerce*, 8 WESLEYAN L. REV. 467 (2002). In an edition of *The Computer and Internet Lawyer*, attorney Jonathan Band argued that three changes to the Copyright Act will benefit database publishers. Specifically, the No Electronic Theft Act closed loopholes in the criminal copyright provisions, the Sonny Bono Copyright Term Extension Act added twenty years to the term of copyright protection, and the Digital Millennium Copyright Act (DMCA) added a prohibition against the circumvention of technological protection measures. Jonathan Band, *Response to the Coalition Against Database Privacy Memorandum*, 21 COMPUTER & INTERNET LAW. 5, 7, 9 (2004).

73. 248 U.S. 215 (1918).

74. *Id.* at 231.

75. *Id.* at 232.

76. *Id.* at 233.

77. *Id.* at 234.

78. *Id.*

sufficient in the aggregate to afford compensation for the cost of gathering and distributing it, with the added profit so necessary as an incentive to effective action in the commercial world.<sup>79</sup>

As competitors in the same business, INS and AP each had a duty “so to conduct its own business as not unnecessarily or unfairly to injure that of that other.”<sup>80</sup> The Court concluded that INS’s use of AP’s information constituted unfair competition through misappropriation.<sup>81</sup>

The Court also affirmed the district court’s injunction, in which INS was barred from taking AP’s news “until its commercial value as news to the complainant and all of its members has passed away.”<sup>82</sup> Although the Court was concerned that the prohibition was too indefinite, the Court declined to modify the order, saying it did not have enough information to give a more specific injunction.<sup>83</sup>

While the Supreme Court has never expressly abandoned *INS*, some commentators question whether misappropriation is still a viable cause of action for claims involving intellectual property. The decision was decided before *Erie* and the Supreme Court’s rejection of a federal common law. Some commentators and courts suggest that *INS* should be limited to its facts.<sup>84</sup> Scholars also question whether *INS*’s misappropriation doctrine survived *Feist*’s holding that “sweat of the brow” could not justify a monopoly on facts.<sup>85</sup>

Others question whether misappropriation is suited to intellectual property. The *Restatement Third of Unfair Competition* notes that recognizing exclusive rights in intangible trade values can hinder access to information and inhibit competition.<sup>86</sup> Moreover, unlike misap-

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79. *Id.* at 235.

80. *Id.* Consumers have no such duty: “The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not reasonably interfering with complainant’s right to make merchandise of it, may be admitted.” *Id.* at 239.

81. *Id.* at 240, 242.

82. *Id.* at 245 (internal quotations and emphasis omitted).

83. *Id.* at 215.

84. See, e.g., Malla Pollack, *The Right To Know?: Delimiting Database Protection at the Juncture of the Commerce Clause, the Intellectual Property Clause, and the First Amendment*, 17 CARDOZO ARTS & ENT. L.J. 47, 75-76 (1999). In *National Basketball Ass’n v. Motorola, Inc.*, the court pointed out that Judge Learned Hand was “notably hostile to a broad reading of the case.” 105 F.3d 841, 852 n.7 (2d Cir. 1997). The *Restatement (Third) of Unfair Competition* similarly states that “[t]he facts of the *INS* decision are unusual and may serve, in part, to limit its rationale.” RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38 cmt. c (1995). Douglas A. Baird points out that the few cases where courts have used the misappropriation claim in *INS* involved situations where the facts were similar. Douglas A. Baird, *Common Law Intellectual Property and the Legacy of International News Services v. Associated Press*, 50 U. CHI. L. REV. 411, 421-22 (1983).

85. Pollack, *supra* note 84, at 76.

86. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38 cmt. b.

propriation of physical property, the owner retains access to the information.<sup>87</sup> “The recognition of exclusive rights may thus deny to the public the full benefits of valuable ideas and innovations by limiting their distribution and exploitation.”<sup>88</sup> The law traditionally has recognized a competitor’s right to copy products and business methods unless copyright or trademark law protect the methods.<sup>89</sup> In a law review article, Judge Posner argued that misappropriation as it applies to intellectual property should be “jettisoned.”<sup>90</sup> His greatest concern with the doctrine is that “the unauthorized use of another’s intellectual property . . . lacks clear normative significance” in part because it often is decided on a case-by-case basis.<sup>91</sup>

Nevertheless, the doctrine of misappropriation acquired renewed authority in the late 1990s with the Second Circuit’s decision in *National Basketball Ass’n v. Motorola, Inc.*<sup>92</sup> The defendant, Motorola, produced hand-held pagers that relayed statistics and final scores about NBA games.<sup>93</sup> A codefendant, Stats, provided the information by hiring reporters to watch the games on television or to listen on the radio.<sup>94</sup> A district court judge granted the NBA’s request for an injunction prohibiting Motorola from transmitting the scores and other data.<sup>95</sup>

The NBA’s claim included a New York State common law claim of misappropriation, a cause of action based loosely on *INS*.<sup>96</sup> The court held that the New York law was not pre-empted by federal copyright law because the state misappropriation claim was not the equivalent of the exclusive rights in federal copyright law.<sup>97</sup> The essential question, therefore, was the breadth of the misappropriation claim recognized in *INS*. The court said the elements of misappropriation under *INS* were:

- (i) the plaintiff generates or collects information at some cost or expense;
- (ii) the value of the information is highly time-sensitive; (iii) the defendant’s use of the information constitutes free-riding on the plaintiff’s

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87. *Id.*

88. *Id.*

89. *Id.*

90. Richard A. Posner, *Misappropriation: A Dirge*, 40 HOUS. L. REV. 621, 621 (2003).

91. *Id.* at 638-39.

92. *See* 105 F.3d 841 (2d Cir. 1997); Report on Legal Protection for Databases, *supra* note 36.

93. *Motorola*, 105 F.3d at 843-44.

94. *Id.* at 843.

95. *Id.*

96. *Id.* at 845.

97. *Id.* at 850. The court relied in part on the legislative history that resulted in the passage of the 1976 Act. A House Report stated that misappropriation “is not necessarily synonymous with copyright infringement.” *Id.* (quoting H.R. REP. NO. 94-1476, at 132 (1976)).

costly efforts to generate or collect it; (iv) the defendant's use of the information is in direct competition with a product or service offered by the plaintiff; (v) the ability of other parties to free-ride on the efforts of the plaintiff would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.<sup>98</sup>

The court held, however, that the NBA's claim failed to fulfill these elements because the pager service and the NBA were not in direct competition and the NBA failed to show free-riding because the pager service paid the costs of collecting and retransmitting the information.<sup>99</sup>

Coble's bill, H.R. 3261, lacks an important element identified in both *INS* and *Motorola*: Under the bill, the alleged free-rider does not have to be in direct competition with the database owner.<sup>100</sup> Also, both bills provide potentially unlimited protection due to the difficulty of determining when information ceases to be time sensitive. The time sensitivity of news, by contrast, is more easily defined—usually the value ends at the next news cycle. Does the clock reset when the owner adds new information to the database? The failure to give a reasonable time limit on how long a party can claim a monopoly on the facts in the database could be the bill's biggest hurdle.<sup>101</sup>

Although the proposed legislation gives a much broader cause of action than that described in *INS*, the more crucial problem is that the legislation conflicts with the Patent and Copyright Clause.

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98. *Id.* at 852 (citations omitted).

99. *Id.* at 853-54. Subsequent cases have shown that these elements are not easy to meet. For instance, in *Wehrenberg Circuit of Theatres v. MovieFone, Inc.*, a court dismissed a claim because the parties were not competitive. The case involved a theater owner who sued the owner of a telephone information line that provided information about movie theater schedules. 73 F. Supp. 2d 1044, 1046 (E.D. Mo. 1999). The theater owner claimed that its viewing schedule was "hot news" that the defendant wrongly appropriated and published. *Id.* at 1047. Relying in part on *Motorola*, the district court recognized that Missouri's state misappropriation "hot news" cause of action survived preemption by federal copyright law. *Id.* at 1050. But the court rejected the movie listings as "hot news" because the plaintiff's primary business was to exhibit movies, and the movie show time schedules that he generated and published were part of that primary business. *Id.* If he failed to generate and publish those schedules, he could no longer stay in business. *Id.* As a result, the theater owner could not prove that defendant's actions would make him virtually stop generating and publishing of the schedules, a reference to factor (v) of the *Motorola* test. *Id.*

100. The *Restatement (Third) of Unfair Competition* notes that misappropriation claims are almost always rejected when the appropriation does not involve direct competition. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38 cmt. c (1995); see *Wehrenberg*, 73 F. Supp. 2d at 1046.

101. See Jordan M. Banke, *Vincent Van Gogh, "Sweat of the Brow," and Database Protection*, 39 AM. BUS. L.J. 645, 675 (2002).

## V. THE SUPREME COURT AND RESTRICTIONS ON THE COMMERCE CLAUSE

The debate over whether Congress may use its Commerce Clause powers to regulate intellectual property has raged in law reviews and journals for a number of years.<sup>102</sup> Meanwhile, two courts have explicitly recognized that Congress may use one of its other powers to pass legislation that is within the subject matter of the Patent and Copyright Clause.<sup>103</sup> The Copyright Office has reached the same conclusion, observing that Congress could enact legislation under the Commerce Clause, regardless of trademark being a form of intellectual property.<sup>104</sup> The Copyright Office further opined that Congress may not be able to use its Commerce Clause powers in order to circumvent the Copyright Clause.<sup>105</sup> The Copyright Office continued:

If, however, database legislation appears to be the equivalent of copyright under another name, but providing protection to uncopyrightable subject matter for a limited time, the use of a different label and the recitation of a different constitutional basis will not alone be sufficient to save it . . . the

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102. See, e.g., Yochai Benkler, *Constitutional Bounds of Database Protection: The Role of Judicial Review in the Creation and Definition of Private Rights in Information*, 15 BERKELEY TECH. L.J. 535, 536-37 (2000) (arguing that both the Intellectual Property Clause and the First Amendment limit what Congress may do under the Commerce Clause); Michael H. Davis, *Extending Copyright and the Constitution: "Have I Stayed Too Long?"*, 52 FLA. L. REV. 989, 992 (2000) (arguing that retrospective extension of the Copyright Act is constitutionally invalid); Paul J. Heald & Suzanna Sherry, *Implied Limits on the Legislative Power: The Intellectual Property Clause as an Absolute Constraint on Congress*, 2000 U. ILL. L. REV. 1119, 1119 (2000) (arguing that art. I, § 8, cl. 8 of the U.S. Constitution is an absolute constraint on Congress's legislative power); Thomas B. Nachbar, *Intellectual Property and Constitutional Norms*, 104 COLUM. L. REV. 272, 274 (2004) (arguing that Congress may use its Commerce Clause powers to avoid restrictions on its intellectual property power); Thomas B. Nachbar, *Judicial Review and the Quest To Keep Copyright Pure*, 2 J. TELECOMM. & HIGH TECH. L. 33, 72 (2003) (arguing for a peripheral reading of the Copyright Clause as strict application limits progress); William Patry, *The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision*, 67 GEO. WASH. L. REV. 359, 361 (1999) (arguing that Congress may not implicate the Commerce Clause to supersede the restrictions placed on it by art. I, § 8, cl. 8); Pollack, *supra* note 84, at 47-48 (arguing that a database bill can only pass constitutional scrutiny if it is limited to situations of market failure); Robert A. Schapiro & William W. Buzbee, *Unidimensional Federalism: Power and Perspective in Commerce Clause Adjudications*, 88 CORNELL L. REV. 1199, 1219 (2003) (arguing that copyright laws deserve the most deferential standard of review).

103. See *United States v. Moghadam*, 175 F.3d 1269, 1282 (11th Cir. 1999); *Authors League of Am., Inc. v. Oman*, 790 F.2d 220, 224 (2d Cir. 1986).

104. U.S. Copyright Office, Report on the Legal Protection of Databases, *supra* note 36.

105. *Id.* ("To the extent that database protection promotes different policies from copyright protection, and does so in a different manner . . . [such legislation] seems likely to survive a constitutional challenge.").

more the statute differs from copyright, the more likely it is to be constitutional.<sup>106</sup>

For the sake of argument, this Article will proceed on the belief that Congress is not prohibited from using its Commerce Clause powers.

Although once viewed as a virtually endless source of constitutional power, Congress has discovered in recent years that the Commerce Clause has its limits.<sup>107</sup> The amount of Commerce Clause-based legislation struck down over the past decade by the Rehnquist Court is unprecedented historically.<sup>108</sup> The Court's renewed recognition of limits on Congress's powers under the Commerce Clause should impact the Court's analysis of cases that attempt to circumvent the Patent and Copyright Clause.<sup>109</sup>

The Supreme Court has stated that the Patent and Copyright Clause is both a grant of congressional power and a limit.<sup>110</sup> The purpose of the clause is not to reward authors; rather, the privilege of a monopoly is intended to motivate authors *and* to give the public access after the limited monopoly ends.<sup>111</sup> In this way, copyright law "involves a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand."<sup>112</sup> This balance furthers the Copyright Clause's goal of promoting the progress of science and the arts.<sup>113</sup> Patent and copyright laws reflect a "carefully crafted bargain" that allows the work to go into the public domain and to be used at will after the patent or copyright expires.<sup>114</sup> The Court has consistently evoked this principle of balance inherent in the Patent and Copyright Clause.<sup>115</sup> Consequently,

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106. *Id.*

107. *See, e.g.,* Keith E. Whittington, *Taking What They Give Us: Explaining the Court's Federalism Offensive*, 51 DUKE L.J. 477, 477 (2001).

108. *Id.* at 478.

109. *See* Benkler, *supra* note 102, at 548-52.

110. *See, e.g.,* *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989); *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 546 (1985); *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

111. *Sony*, 464 U.S. at 428-31.

112. *Id.* at 429.

113. *Feist Publ'ns Inc. v. Rural Tel. Servs. Co.*, 499 U.S. 340, 349 (1991).

114. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33-34 (2003) (citing *Bonito Boats*, 489 U.S. at 150).

115. *See, e.g.,* *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-31 (2002) ("[T]he patent laws require inventors to describe their work in 'full, clear, concise, and exact terms,' as part of the delicate balance the law attempts to maintain between inventors . . . and the public . . ."); *Pfaff v. Wells Elecs.*, 525 U.S. 55, 63 (1998) ("[T]he patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure



where a cause of action arising under the Commerce Clause appeared to create a monopoly that is similar to the monopolies under the Patent and Copyright Clause, and the cause of action unreasonably affected the public's ability to access facts and ideas in the public domain, the Court has denied the claim.<sup>116</sup> Broadly speaking, the cases can be broken down by those involving a state claim that conflicted with federal copyright and those involving a federal claim that conflicted with federal copyright.

A. *Cases Involving a Federal-State Conflict*

Two cases are often cited for the proposition that a state cause of action will be struck down where it upsets the balance in federal patent or copyright laws: *Sears, Roebuck & Co. v. Stiffel Co.* and *Compco Corp. v. Day-Brite Lighting, Inc.*<sup>117</sup>

In *Sears, Roebuck & Co. v. Stiffel Co.*, the Court held that a state unfair competition law could not prevent a competitor from copying a pole lamp that was not protected by either patent or copyright law.<sup>118</sup> The district court held that although the lamps were not patentable, the defendant Sears could be enjoined from copying the lamps.<sup>119</sup> In reversing the lower court, the Supreme Court asserted that the state could not effectively grant a patent-like monopoly to an article that failed to qualify for federal patent protection.<sup>120</sup> The Court explained that the Patent and Copyright Clause provides a careful balance "to promote invention while at the same time preserving free competition."<sup>121</sup> The

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of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time."); *Stewart v. Abend*, 495 U.S. 207, 228 (1990) ("[A]lthough dissemination of creative works is a goal of the Copyright Act, the Act creates a balance between the artist's right to control the work during the term of the copyright protection and the public's need for access to creative works."); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) ("The limited scope of the copyright holder's statutory monopoly . . . reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts."); *Goldstein v. California*, 412 U.S. 546, 569-70 (1973) ("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."); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964) ("Thus the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition.").

116. For discussion, see *infra* Part V.

117. *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

118. 376 U.S. at 232-33.

119. *Id.* at 226.

120. *Id.* at 231.

121. *Id.* at 230-31.

state not only was prohibited from encroaching on federal patent law, it could not “under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws.”<sup>122</sup> On the same day, in *Compco Corp. v. Day-Brite Lighting, Inc.*, the Supreme Court invalidated a state unfair competition claim that conflicted with federal patent law because the state law conflicted with federal policy in the Patent and Copyright Clause of allowing public access and the opportunity to copy “whatever the federal patent and copyright laws leave in the public domain.”<sup>123</sup>

Conversely, the Court held in *Goldstein v. California* that a state criminal law prohibiting copying of recordings of musical performances did not conflict with federal copyright law and therefore was permissible regulation.<sup>124</sup> The Court reiterated the holding in *Sears, Roebuck & Co.* that state law could not prevent the copying of articles if the state’s regulation “disturbed the careful balance which Congress had drawn.”<sup>125</sup> In this case, there was no conflict because recordings of musical performances were unregulated and Congress had drawn no balance.<sup>126</sup> The Court also made a tantalizing reference to the interplay of the Copyright Clause and the Commerce Clause: “Where the need for free and unrestricted distribution of a writing is thought to be required by the national interest, the Copyright Clause and the Commerce Clause would allow Congress to eschew all protection.”<sup>127</sup>

More recently, in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, the Supreme Court struck down a Florida statute that prohibited use of a particular process used in building boat hulls.<sup>128</sup> The process for building the boat hulls was in the public domain because Bonito Boats, the company that developed the process, had not sought a patent.<sup>129</sup> Based on the Florida statute, Bonito filed an action in an attempt to stop the defendant, Thunder Craft Boats, Inc., from using the process.<sup>130</sup> Thunder Craft filed a motion to dismiss, arguing that the statute was preempted by federal patent law.<sup>131</sup>

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122. *Id.* at 231.

123. 376 U.S. 234, 237 (1964).

124. 412 U.S. 546 (1973).

125. *Id.* at 570.

126. *Id.*

127. *Id.* at 559.

128. 489 U.S. 141, 167 (1989).

129. *Id.* at 144.

130. *Id.* at 145.

131. *Id.*

The Supreme Court agreed. The Court explained that “[f]rom their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.”<sup>132</sup> The federal patent laws reflect that balance by determining what is protected and what the public is free to use.<sup>133</sup> The Florida statute gave rights that were “similar in scope and operation to the rights accorded a federal patentee.”<sup>134</sup> The state statute clashed with federal patent law on several grounds: the statute offered potentially unlimited protection, it failed to consider whether the product had technological merit, and it did so even when the federal patent had expired or the product failed to qualify for patent protection in the first place.<sup>135</sup> The Court held that the statute could not stand because it conflicted with the “careful balance between public right and private monopoly.”<sup>136</sup> In dicta, the Court also noted that the question of balance is not limited to conflicts between federal and state statutes. Thus, laws regulating unfair competition and trade secret “are consistent with the balance struck by the patent laws.”<sup>137</sup>

### *B. Cases Involving a Federal-Federal Conflict*

On several occasions, the Supreme Court has thrown out claims brought under a theory of unfair competition because the claims conflicted with copyright. These cases are especially informative because misappropriation is a type of unfair competition.

In *Kellogg Co. v. National Biscuit Co.*, the Supreme Court dismissed a claim of unfair competition brought by a company that produced shredded wheat cereal against a competitor because the basic patent had expired and the process for making the cereal and the name “shredded wheat” were in the public domain.<sup>138</sup> National Biscuit claimed it had an exclusive right to make shredded wheat and to use the name and had sought an injunction against Kellogg.<sup>139</sup> National Biscuit argued that Kellogg was “passing off” its cereal as being a National Biscuit

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132. *Id.* at 146.

133. *Id.* at 151.

134. *Id.* at 158.

135. *Id.* at 159.

136. *Id.* at 167.

137. *Id.* at 166.

138. 305 U.S. 111, 117 (1938).

139. *Id.* at 116. National Biscuit did not have a valid trademark on the name. The Commissioner of Patents previously had denied registration to National Biscuit’s predecessor, Natural Food Company. *Id.* at 117.

product.<sup>140</sup> After bouncing between a district court and an appellate court, the district court entered a decree enjoining Kellogg from using the name “shredded wheat” and from selling shredded wheat.<sup>141</sup>

The Court held that National Biscuit could not claim a monopoly on either the name or the process for making the cereal.<sup>142</sup> When the patent expired, the right to make the article, as well as the generic term for it, passed to the public.<sup>143</sup> Because National Biscuit could not show that the public associated shredded wheat with National Biscuit, the company was unable to claim shredded wheat as a trade name.<sup>144</sup> Because National Biscuit could not claim a monopoly on the production of shredded wheat or the name, its only remedy was to require Kellogg to properly label the source of its product.<sup>145</sup>

Similarly, in *Traffix Devices, Inc. v. Marketing Displays, Inc.*, the Supreme Court held that a company could not prevent copying of a unique “dual spring design” that the plaintiff claimed as its trade dress, based on the argument that the design was recognizable to buyers and users.<sup>146</sup> The plaintiff’s patent on the dual spring design had expired.<sup>147</sup> The Court asserted that trade dress often does not prohibit copying goods and products and that, “unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.”<sup>148</sup> In this case, the spring design could not support a claim of trade dress infringement because the spring was functional and trade dress does not protect functional design.<sup>149</sup> “The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.”<sup>150</sup> The Court stopped short, however, of saying that the Patent and Copyright Clause prohibited the owner of an expired patent from claiming trade dress protection, saying that it need not resolve the question at this time.<sup>151</sup>

Finally, *Dastar Corp. v. Twentieth Century Fox Film Corp.*—the Court’s most recent pronouncement on the matter—gives even stronger

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140. *Id.* at 116.

141. *Id.* at 115.

142. *Id.* at 116-17.

143. *Id.* at 118.

144. *Id.* at 116.

145. *Id.* at 120-21.

146. 532 U.S. 23, 25 (2001).

147. *Id.* at 26.

148. *Id.* at 29.

149. *Id.* at 29-30.

150. *Id.* at 34.

151. *Id.* at 35.

support for the proposition that a claim of unfair competition may not conflict with copyright law.<sup>152</sup>

*Dastar* involved a legal fight over a television series produced by Twentieth Century Fox Film Corporation, based on a book by former President of the United States General Dwight D. Eisenhower.<sup>153</sup> Fox's series was in the public domain because Fox had chosen not to renew the copyright.<sup>154</sup> In 1988, Fox reacquired the television rights to Eisenhower's book, including the exclusive right to distribute the television series on video.<sup>155</sup> Two companies, SFM Entertainment and New Line Home Video, Inc., in turn acquired from Fox the right to distribute the new Fox series on video.<sup>156</sup>

Meanwhile, Dastar obtained the negatives of Fox's original television series and repackaged them on video.<sup>157</sup> Dastar's version was about half the length of the original Fox television series.<sup>158</sup> In the repackaged version, Dastar gave itself production credit but failed to acknowledge Fox.<sup>159</sup> Fox, SFM, and New Line sought damages against Dastar on the theory that Dastar's video constituted "reverse passing off" in violation of the Lanham Act.<sup>160</sup>

The Supreme Court held that the Lanham Act did not prevent the unaccredited copying of an uncopyrighted work.<sup>161</sup> The Court disagreed with Fox's assertion that Dastar had made a false claim about the origin of the video that was likely to confuse consumers.<sup>162</sup> The Court also rejected Fox's argument that "origin of goods" under the Lanham Act meant the producer was required to identify the creator of the ideas or concepts within the work, not just the creator of the physical item.<sup>163</sup> The Court could not accept Fox's argument, because that would create a conflict between the Lanham Act and copyright law. The Court explained:

In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying. The rights of a patentee or copyright holder are part of a "carefully crafted bargain" . . . .

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152. 539 U.S. 23, 33-34 (2003).

153. *Id.* at 25-26.

154. *Id.* at 26.

155. *Id.*

156. *Id.*

157. *Id.*

158. *Id.*

159. *Id.* at 27.

160. *Id.*

161. *Id.* at 38.

162. *Id.* at 31.

163. *Id.* at 32.

Thus, in construing the Lanham Act, we have been careful to caution against misuse or over-extension of trademark and related protections into areas traditionally occupied by patent or copyright. The Lanham Act, we have said, does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.<sup>164</sup>

The type of claim Fox sought to enforce “would create a species of mutant copyright law that limits the public’s ‘federal right to ‘copy and use,’ expired copyrights.”<sup>165</sup> The Court concluded that “origin of goods,” when read in context of copyright and patent law, refers to the producer of the goods, not the author of any idea, concept or communication represented in the work.<sup>166</sup> The *Dastar* opinion strongly suggests that the Court would reject a statute under the Commerce Clause that conflicts with copyright law.

Thus, to survive a challenge on constitutional grounds, federal legislation protecting databases must be crafted in a way that does not upset the balance between protection of the owner’s rights and public access to information and ideas in the Patent and Copyright Clause; finding a proper balance can be difficult.<sup>167</sup> In copyright law, that balance is achieved by granting owners rights for a limited time that are subject to a long list of exceptions, including the doctrine of fair use.<sup>168</sup>

Viewed in this framework, the bills do not pass constitutional muster because they tilt too heavily toward protecting the rights of database owners and against the public’s need for access. Database owners would be able to prevent unauthorized parties from sharing and distributing databases, even when the databases consist primarily of facts and other information in the public domain. Under one proposal, owners would need to put only “some” effort into creating and maintaining the database in order to claim legal rights.<sup>169</sup> Under the other proposal, the owner could claim unfair competition even when the other party is not a direct competitor in the same market.<sup>170</sup> Under both bills, the monopoly would have no apparent end.

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164. *Id.* at 33-34 (internal quotation and citation omitted).

165. *Id.* at 34 (citation omitted).

166. *Id.* at 37.

167. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38 cmt. b (1995).

168. *Id.*

169. H.R. 3872, *supra* note 4, at 2.

170. *See generally* H.R. REP. NO. 108-421 (2004) (noting the absence of the requirement that the “use of the information is in direct competition with a product or service offered by the first person” found in H.R. REP. NO. 108-437 (2004)).

By contrast, the public is likely to get less access to databases. The marketplace may become smaller because one company can prevent another from unauthorized use of the database, even when the other company has a new, productive application for the database. The public would not have defenses such as fair use. Common sense tells us that when access to information is restricted, the marketplace of ideas will suffer and, consequently, the progress of science and art.

There is good reason to be worried about overprotection of databases. Experience has shown that private companies will lay claim to as much information as possible, either to force others to pay a price for access or so they alone can exploit the information. In *Assessment Technologies of WI, LLC v. WIREdata Inc.*, Assessment Technologies sought to claim legal rights to information that government employees had collected and inputted into a government computer, simply because the municipality used AT's computer program to store the information.<sup>171</sup> Similarly, Human Genome Sciences, the company that controls a pioneering database of human genes, decided it would no longer offer other companies access to the database because it wanted to use the data for its own drug development program.<sup>172</sup> Previously, the company had provided the data and technology to other companies.<sup>173</sup>

## VI. CONCLUSION

The Supreme Court made clear in *Feist* that facts and other basic building blocks of information cannot be owned; they are part of the public domain. That the compiler put time, money, and energy into gathering the information does not justify a monopoly on facts. As the Court said: “[It] is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.”<sup>174</sup> A database owner is not without recourse, however, because the selection and arrangement in a database can be protected. The owners also have other legal remedies, including trade secret protection, contract law, and technological measures.<sup>175</sup> Because they have so many methods for protection, it is difficult to see what misappropriation adds, other than outright ownership of facts.

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171. 350 F.3d 640, 642 (7th Cir. 2003).

172. Andrew Pollack, *Gene Data To Be Kept Private So Company Can Make Drugs*, N.Y. TIMES, July 2, 2001, at C2.

173. *Id.*

174. *Feist Publ'ns, Inc. v. Rural Tel. Servs. Co.*, 499 U.S. 340, 350 (1991).

175. *See supra* note 72 and accompanying text.

The two bills presented during the 108th Congress are typical of ongoing attempts to protect databases. The bills are an attempt to circumvent the Court's clear holding in *Feist* by creating "a species of mutant copyright law." Because the bills are written so broadly, there is a strong potential for abuse. Lawmakers and judges who must decide whether to endorse or oppose such legislation should ask not only whether it will protect the rights of the owners but also whether the legislation protects the rights of the *public*. Labor and effort do not justify the impact such legislation would have on the progress of knowledge and the sciences.