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Henry V. Barry

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Information Property and the Internet[†]

by
HENRY V. BARRY*

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Introduction

The title of this Article might well be "Information Property Compounded by the Internet." I believe that the rapid adoption of the World Wide Web and other uses of the Internet may act to accelerate and compound an existing trend toward the commoditization of certain types of information as property. I also believe that the presumed benefits of this trend—a greater production of information—may well be outweighed by the costs—reduced access to information.

I will not take much time arguing that use of the Internet, principally e-mail and the World Wide Web, is exploding. Whether the figures are 20 million users or 40 million users seems less important than the fact that the Internet is now part of our daily lives. We all have our stories of the Internet as an integral part of our culture; mine mostly involve my mother-in-law.

The trend toward commoditization (by which I mean the creation or expansion of a property right) takes a little bit more explanation. Many commentators have seen it developing recently in two principal areas. First is the rapidly expanding law of "misappropriation." Some have called this the "misappropriation explosion."¹ Essentially this refers to a line of cases where courts have found a state law property right in information that is independent from the rights found under federal copyright, patent, and trademark laws.² The second area is a series of efforts, principally by the Clinton Administration, to expand the scope of intellectual property rights under various existing and proposed federal statutes in some surprising ways.³ I call this second area the "oxymoron explosion," for reasons I will describe later. Both

1. Wendy J. Gordon, *On Owning Information: Intellectual Property and the Restitutory Impulse*, 78 VA. L. REV. 149, 150 (1992).

2. See generally *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989) (holding Florida statute prohibiting "direct molding" of boat hulls preempted by federal patent law; however, state regulations regarding potentially patentable but unpatented subject matter are not *ipso facto* preempted by federal patent laws); *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984) (holding research data submitted to federal agency considered "property" within meaning of fifth amendment to the extent the data was cognizable as a trade secret); *International News Serv. v. Associated Press*, 248 U.S. 215 (1918); *ProCD Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996) (holding shrinkwrap license agreement valid under contract law theory, even though underlying data not protected by copyright); *Carpenter v. United States*, 484 U.S. 19, 26-27 (1987) (holding reporter's knowledge of the contents of the prepublication and publication schedule of his newspaper column properly considered "property" of the newspaper's publisher).

3. For a discussion of these efforts, see *infra* Part II.A.

of these trends existed before the Internet became an important means of communication. I think the Internet has accelerated the pace of their development. I hope that if we reflect on the implications of these legal structures we will all proceed a bit more carefully.

I

The Misappropriation Explosion

Before going over a number of cases illustrating the trend towards treating information as property, I want to discuss briefly the reasons information generally has not been regarded as property. First, it is hard to recognize a property right in information, because although it is embodied (examples include phone books, diskettes, and sports pager memories), it generally does not have an embodiment. What does a creditor foreclose on? Some say "information wants to be free,"⁴ or information is "inherently leaky."⁵ The point is that many people can share information at the same time without diminishing its value. This is used as an argument to commoditize information, on the "public goods" theory that this characteristic will result in the underproduction of information unless the high costs of production are compensated by the grant of a property interest to producers.⁶

Finally, although information content is becoming an increasing percentage of the value added in many products in our society, and our copyright-based industries are constantly launching attacks on the "pirates" that reduce their ability to exploit that content, our society is very unused to treating information as property and subject to the exclusionary implications of a property regime.⁷ The traditions of our

4. See Pamela Samuelson, *Information as Property: Do Ruckelshaus and Carpenter Signal a Changing Direction in Intellectual Property Law?*, 38 CATH. U. L. REV. 365, 365 (1989) (citing Douglas G. Baird, *Common Law Intellectual Property and the Legacy of International News Service v. Associated Press*, 50 U. CHI. L. REV. 411, 411 (1983) ("That information once published should be presumptively free for all to use is a commonplace of intellectual property law.")).

5. Samuelson, *supra* note 4, at 369.

6. Because public goods such as information can be used by numerous people without diminishing the supply, it can be difficult for a producer of such goods to recoup the costs of production. Therefore the public goods theory states that people will not produce public goods absent strong incentives, such as intellectual property protection. For a discussion of the public goods theory, see, for example, Paul David, *Intellectual Property Institutions and the Panda's Thumb: Patents, Copyrights, and Trade Secrets in Economic Theory and History*, in GLOBAL DIMENSIONS OF INTELLECTUAL PROPERTY RIGHTS IN SCI. & TECH. 19, 25-28 (Mitchel B. Wallerstein, et al. eds., 1993).

7. Samuelson, *supra* note 4, at 369.

country are that free and unfettered access to information is the best means of increasing wealth and stimulating invention.

A. *International News Service v. Associated Press*

The beginning of the misappropriation explosion is found in the 1918 case of *International News Service v. Associated Press*.⁸ Associated Press (AP) operated a news gathering service. An international network of correspondents and wire services provided news which was printed in AP newspapers.⁹ International News Service (INS) made a practice of free-riding on AP's efforts. INS employees would gather news from AP's notice boards and from early editions of the AP east coast newspapers, taking advantage of the time difference by using the gathered information in western cities.¹⁰ AP sued, claiming unfair competition.¹¹ AP's case was the "public goods" argument, that without a legally protected interest in the news it gathered, AP would not make the investment required to provide the service.¹² The Supreme Court held for AP, creating a property interest in freedom from unfair competition in news gathering.¹³

Justices Holmes and Brandeis dissented.¹⁴ Justice Holmes reasoned that "when an uncopyrighted combination of words is published there is no general right to forbid other people repeating them."¹⁵ Holmes would have found liability on a misrepresentation theory, rather than through the creation of a property right, noting that "a person is not excluded from using any combination of words merely because someone has used it before, even if it took labor and genius to make it."¹⁶ Justice Brandeis was more blunt, saying that "the fact that a product of the mind has cost its producer money and labor, and has a value for which others are willing to pay, is not sufficient to ensure to it this legal attribute of property."¹⁷

Newspaper publishers liked this case in 1918. They like it today. It was cited to me recently as the basis for a claim that our firm's client

8. *International News Serv. v. Associated Press*, 248 U.S. 215 (1918).

9. *Id.* at 229.

10. *Id.*

11. *Id.* at 230-32.

12. *Id.* at 236.

13. *Id.* at 245.

14. *Id.* at 246-67 (Holmes, J. dissenting and Brandeis, J. dissenting).

15. *Id.* at 246 (Holmes, J. dissenting).

16. *Id.*

17. *Id.* at 250 (Brandeis, J. dissenting).

could not link to and display a newspaper's Web site without its permission. But *INS* was decided a long time ago. For a significant period after that case, courts resisted common law intellectual property because of a general thought that intellectual property was, in Jefferson's term, "an embarrassment,"¹⁸ and should be construed narrowly. That thought was embodied in the 1976 revisions to the Copyright Act, which contained sweeping preemption language designed to eliminate any state rights "equivalent" to copyright.¹⁹

Since 1976, however, courts have increasingly been willing to uphold state laws establishing rights in intangibles against preemption challenges. In the 1984 case *Ruckelshaus v. Monsanto*,²⁰ the Court decided that research data submitted to a federal agency documenting the safety of the submitter's product could be considered "property" within the meaning of the Takings Clause of the Fifth Amendment.²¹ In the 1987 case *Carpenter v. United States*,²² the Court treated a reporter's knowledge of the publication schedule and contents of his own newspaper column as the "property" of the publisher.²³ Other examples abound.²⁴

B. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*

In the 1991 *Feist* case, the Supreme Court denied copyright protection to the compilers of a white pages telephone directory.²⁵ One might think from the *INS* case that the Court would have used similar logic to find a property right for the compilers of the directory. After all, the production of a white pages directory is a classic "public goods" problem. But the Court denied the "sweat of the brow" theory of *INS*. This may have been due largely because the case was unavoidably presented as a copyright case and the Court could find no copyrightable expression. The Court clearly held that facts lie outside the purview of copyright.²⁶ For example, "[c]ensus takers . . . do not

18. See Edward C. Walterscheid, *Patents and the Jeffersonian Mythology*, 29 J. MARSHALL L. REV. 269, 282, 305 (1995)(stating Jefferson's view that monopolies created by exclusive patents were an embarrassment)(citing Letter from Jefferson to Isaac McPherson (Aug. 13, 1813), in WRITINGS OF THOMAS JEFFERSON 335 (Andrew A. Lipscomb, et al. eds., 1903)).

19. 17 U.S.C. § 301(a) (1994).

20. 467 U.S. 986 (1984).

21. *Id.* at 1003-04.

22. 484 U.S. 19 (1987).

23. *Id.* at 25-27.

24. See *supra* note 2.

25. *First Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340 (1987).

26. *Id.* at 344-45.

create the population figures that emerge from their efforts.”²⁷ What lawyers and courts seem to have read into that decision, however, is that state law protection for facts might not be preempted by federal copyright law.²⁸

So, a perhaps unfortunate consequence of *Feist* is that a litigant can argue that section 301 (the preemption section) of the Copyright Act is exhaustive on the preemption question, and that section 301 says that things outside the scope of copyright are open to state protection.²⁹ Then, the argument goes, since facts are outside the scope of copyright, states can protect facts. Examples include databases, classified advertising, phone listings, weather satellite images, and, most recently, sports scores.

C. *National Basketball Association v. Sports Team Analysis and Tracking Systems* and *National Basketball Association v. Motorola*

Sports Team Analysis and Tracking Systems (STATS) sold a pager system for tracking sports scores. It also made the real-time³⁰ information about NBA basketball games available on a portion of the America Online dial-up network. The NBA sued in 1996, claiming several causes of action: copyright infringement, false advertising under the Federal Lanham Act, and violation of the Communications Act of 1934.³¹ The NBA also claimed that the transmissions constituted commercial misappropriation under New York common law.³² The court denied all the federal law claims,³³ specifically noting that the scores were not a work of authorship under the Copyright Act.³⁴ But the court found the defendants liable on a misappropriation theory based on New York state law.³⁵

The court’s analysis could be, and was, right out of *INS*: “Defendants disseminated to NBA fans game information on a real-time basis. In so doing, they have misappropriated the essence of

27. *Id.* at 347.

28. *See infra* Part I.C.

29. 17 U.S.C. § 301(b) (1994).

30. *I.e.*, while the event is happening.

31. *National Basketball Ass’n v. Sports Team Analysis and Tracking Sys.*, 939 F. Supp. 1071, 1088-86 (S.D.N.Y. 1996), *modified sub nom.* *National Basketball Ass’n v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997).

32. *Id.*

33. *Id.* at 1115.

34. *Id.* at 1088.

35. *Id.* at 1114-15.

NBA's most valuable property—the excitement of an NBA game in progress. Because defendants have 'reaped where they have not sown,' NBA is entitled to injunctive relief."³⁶ On January 30, 1997, however, the United States Court of Appeals for the Second Circuit held that Motorola and STATS did not unlawfully misappropriate NBA's property.³⁷

The Second Circuit agreed with the district court that the underlying basketball games are not copyrightable because they "do not constitute original works of authorship" under the Copyright Act.³⁸ In contrast, broadcasts of the games are copyrightable because the transmission is considered "fixed in [a] tangible medium of expression."³⁹ Here, only the facts from the broadcasts had been reproduced, not the copyrightable expression of the game that constitutes the broadcast.⁴⁰ Consequently, the court quoted *Feist*: "copyright is limited to those aspects of the work—termed 'expression'—that display the stamp of the author's originality."⁴¹

Regarding the state law misappropriation claim, the second circuit said that transmission of the scores did not constitute misappropriation of "hot news" property that belonged to the NBA.⁴² The court said that the elements of a hot-news misappropriation claim (the only type of state misappropriation claim the court said would survive preemption) include:

- (i) a plaintiff generates or gathers information at a cost; (ii) the information is time-sensitive; (iii) a defendant's use constitutes free-riding on the plaintiff's efforts; (iv) the defendant is in direct competition with a product or service offered by the plaintiffs; and (v) the ability of other parties to free-ride on the efforts of plaintiffs or others would so reduce the incentive to produce the product or service so that its existence or quality would be threatened.⁴³

I believe this is a newly-articulated test. Although the NBA planned to go into competition with STATS by providing similar information via pager, the court determined that because the NBA's

36. *Id.* at 1075 (quoting *International News Serv. v. Associated Press*, 248 U.S. 215, 239 (1918)).

37. *National Basketball Ass'n v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997).

38. *Id.* at 846 (citing 17 U.S.C. § 102(a) (1994)).

39. *Id.* at 847-49.

40. *Id.* at 847.

41. *Id.* at 843 (quoting *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 350 (1987)).

42. *Id.*

43. *Id.* at 845.

primary business is the game itself (rather than the information derived from the game), there was no competitive effect in *Motorola* because nobody would consider the pager information a substitute for attending the games or watching them on television.⁴⁴ Also, there was no free-riding in *Motorola* because STATS expended its own funds and manpower to collect the factual information.⁴⁵

So, to sum up, there is a very clear, if not well known, path by which the owners of information can prevent others from disseminating it. If the NBA takes the case to the United States Supreme Court (as it has said it will do), and wins, the doctrine will clearly extend to the Internet. Where is *Feist* after this? Are content owners better off to avoid copyrightable content, on the theory that they will have greater protection without the creative expression part?

II

The Oxymoron Explosion

This section reviews the events of the recent past relating to the efforts of the Clinton Administration regarding copyright policy, principally by former lobbyist Bruce Lehman, currently Commissioner of Patents and Trademarks. I believe that these efforts, unless checked, will eventually expand the rights of copyright owners in a manner that is surprising, and ultimately harmful. I call it the "oxymoron explosion" because the strained and inconsistent rhetoric of the administration resulted in a proposal that would effectively remove the copyright law's most fundamental requirement for infringement: copying. It accomplished this by suggesting a prohibition, not on copies, but on "transitory" or "ephemeral" copies. What are ephemeral copies? Well, in my view, they are not copies.

A. The Green Paper and the White Paper

In July 1994 the "Intellectual Property Working Group" of the "National Information Infrastructure Task Force," appointed by then Commerce Secretary Ron Brown and chaired by Mr. Lehman, published a draft report on the ways that our laws might be modified to be more conducive to the development of new communications technologies.⁴⁶ This "Green Paper" was extensively commented on

44. *Id.* at 853-54.

45. *Id.*

46. INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: A PRELIMINARY DRAFT OF THE REPORT OF THE WORKING GROUP ON

and somewhat revised, resulting in the publication in September 1995 of "The White Paper."⁴⁷

Although the administration characterized the White Paper suggestions as "a minor modification of current law,"⁴⁸ the White Paper met with severe criticism as a "copyright grab" and a "wholesale giveaway of the public's rights."⁴⁹ One of the more controversial recommendations was that the Copyright Act be amended to specifically state that the right to make a "transmission" of a work is within the exclusive rights of the copyright owner (whether or not a copy is made).⁵⁰ The legislative recommendations in the White Paper were quickly incorporated into bills introduced in the Senate and the House.⁵¹

The reaction from the academic community was very strong. Over 100 law professors, led by James Boyle,⁵² wrote a letter to Vice President Gore and others protesting the White Paper's recommendations.⁵³ The professors' letter stated that "the radical quality of the White Paper's suggestions"⁵⁴ could be seen from the fact that they:

- (i) would make reading a document on the screen of your Web browser a copyright violation; (ii) privatize much of the public domain by overturning the current presumption of fair use . . . ;
- (iii) make on-line providers . . . strictly liable for violations of copyright by their members, . . . ; (iv) [make individuals] civilly liable for attempting to interfere with any copyright protection

INTELLECTUAL PROPERTY RIGHTS, (1994)(visited Apr. 5, 1997)<<http://palimpsest.stanford.edu/bytopic/intpropt/ipwg>>[hereinafter GREEN PAPER].

47. INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS (1995)(visited Apr. 5, 1997)<<http://www.uspto.gov/web/offices/com/doc/ipnii>> [hereinafter WHITE PAPER].

48. Pamela Samuelson, *The Copyright Grab*, WIRED, Jan. 1996 (visited Apr. 5, 1997)<<http://www.hotwired.com/wired/4.01/features/whitepaper.html>>.

49. *Id.*

50. See WHITE PAPER, *supra* note 47.

51. H.R. 2441, 104th Cong. (1995); S. 1284, 104th Cong. (1995)[hereinafter "NII legislation"].

52. James Boyle is a law professor at American University, who has written a wonderful book, *Shamans, Software and Spleens: Law and the Construction of the Information Society* (1996), examining the concepts underlying information and property.

53. Open Letter from Professor James Boyle and 106 Professors of Law to Senator Orrin Hatch, Senator Patrick Leahy, Representative Carlos Moorhead, the Hon. Ron Brown, and Vice President Al Gore (Feb. 1996), reprinted in James Boyle, *Intellectual Property Policy Online: A Young Person's Guide, Appendix: The Debate Over the White Paper*, 10 HARV. J.L. & TECH. 58, 60-65 (1996)[hereinafter "Boyle's Letter"].

54. *Id.* at 60.

device or system . . . ; and (v) Make it a federal crime to remove, for whatever reason, any of the copyright management information embedded in any document.⁵⁵

Commissioner Lehman responded with a lengthy and heated letter, stating that far from being a radical measure, the White Paper takes a “minimalist approach when considering the implications the Internet will have on intellectual property.”⁵⁶

Well, who has the better argument? After lengthy consideration, I am inclined to side with the professors. There is a tendency when reviewing documents like the White Paper (which runs 250 pages) to try to list the five or six things that are problematic and tackle them one by one. But on reflection the real story of the White Paper is that its proposals are clearly interrelated and the result of one overriding principle consistently applied: maximization of the rights of intellectual property owners. One commentator calls this the “maximalist approach.”⁵⁷ Put another way, the presumption of the White Paper drafters is that the Internet is a huge sieve that will surely leak away billions of copyright holders’ dollars unless each and every leak is meticulously plugged.

Specifically, the White Paper suggests that its proposal that a transmission (without any copy being made) be deemed an exclusive right of the copyright holder is not any big change from current law.⁵⁸ In fact, Congress’s own legislative report on the current copyright statute gave as an example of a noninfringing reproduction “the temporary display of images on a screen.”⁵⁹ The case that the White Paper uses as the basis for its contention that the law is not radically changed by the proposal, *MAI Systems Corp. v. Peak Computer, Inc.*, held that loading operating system software into RAM creates a copy for copyright purposes.⁶⁰ This approach has, however, only been adopted in two circuits.

55. *Id.* at 61.

56. Letter from Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, to James Boyle, Professor of Law, Washington School of Law, American University (Feb. 28, 1996), *reprinted in* Boyle, *supra* note 53, at 67 [hereinafter “Lehman’s Response”].

57. Samuelson, *supra* note 48.

58. WHITE PAPER, *supra* note 47, at § IV(A)(1)(a).

59. Letter from Professor James Boyle, Washington School of Law, American University, to Bruce A. Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks (Apr. 19, 1996), *reprinted in* Boyle, *supra* note 53, at 84 (citation omitted) [hereinafter “Boyle’s Response”].

60. 991 F.2d 511 (9th Cir. 1993).

The second issue that gives me pause is the White Paper's treatment of the fair use doctrine.⁶¹ The White Paper sets forth what its drafters purport to be the current state of the law. It is as if the drafters were saying "if you buy our premise that this is the law, then these minor changes are all we need." James Boyle calls this a "destructive reinterpretation."⁶² In any event, a review of the White Paper's statement of the law of fair use, even over a beer, reveals denial or worse. For example, the White Paper says that in the *Sony* (Betamax) case⁶³ "the Supreme Court announced a 'presumption' that helps explain courts' near universal rejection of fair use claims in commercial contexts."⁶⁴ It could be and has been argued that the real holding in the Betamax case is closer to the idea that all noncommercial copying is presumptively fair use.⁶⁵ Whether you agree with that or not, the point is that the White Paper does not even acknowledge this interpretation.

Finally, I am also very skeptical about Commissioner Lehman's statement that "the goal of the White Paper and the pending legislation is simply to enable copyright owners to maintain acceptable levels of control over the uses of their works in the network environment."⁶⁶ The questions are what is an acceptable level of control and who decides.

B. Database Protection

A separate but related bill proposed by the administration in early 1996 contained one proposal that was clearly not anticipated by the White Paper. The bill proposes a *sui generis* protection of databases.⁶⁷ You will recall from *Feist* that courts have not been particularly willing to extend copyright protection to the facts that comprise most databases, even though they will generally protect the arrangements of the data as compilations.⁶⁸ I discussed above the "misappropriation explosion" that might give some comfort to

61. See generally WHITE PAPER, *supra* note 46, § I(A)(7)(a).

62. Boyle's Response, *supra* note 59, at 96.

63. *Sony Corp. of Am. v. Universal Studios, Inc.*, 464 U.S. 417 (1984).

64. WHITE PAPER, *supra* note 47, at 76.

65. See Samuelson, *supra* note 48; Boyle's Response, *supra* note 59.

66. Lehman's Response, *supra* note 56, at 71.

67. Database Investment and Intellectual Property Antipiracy Act of 1996, H.R. 3531, 104th Cong. (1996)[hereinafter "Database Act of 1996"].

68. See *supra* Part I.B.

database owners,⁶⁹ but the administration apparently decided not to rely on the further development of that law.⁷⁰ Instead, it proposed a system of property rights for such data.⁷¹ Such systems have previously been proposed in the European Community.⁷²

The proposed "Database Investment and Intellectual Property Antipiracy Act of 1996" was aimed at preventing actual or threatened competitive injury caused by the misappropriation of databases or their contents.⁷³ A database would be subject to protection under the Act if the collection, assembly, verification, organization, or presentation of the database contents were the result of a "qualitatively or quantitatively substantial" investment of human, technical, financial, or other resources.⁷⁴ The bill proposed a twenty-five year term of protection.⁷⁵ When the bill was introduced, its sponsors emphasized that the existing protection for databases afforded by copyright and contract law would not be affected.⁷⁶ The bill was intended to supplement these legal rights, they said, not replace them.⁷⁷ Furthermore, it was emphasized that the bill was intended to avoid conferring any monopoly on facts.⁷⁸ The bill was supported by database owners such as West Publishing and by the phone companies, and opposed by research and scientific groups who noted that the bill contained no exceptions or limitations analogous to fair use under copyright.⁷⁹

C. The "End Run"

For a number of reasons (the Clinton Administration would contend the Republican controlled Congress presented the most

69. See *supra* Part I.

70. See generally Database Act of 1996, *supra* note 67.

71. *Id.*

72. See Council Directive No. 95/46/ED on the Protection of Individuals With Regard to the Processing of Personal Data and on the Free Movement of Such Data, 1995 O.J. (L281)(issued by the Council of the European Union). See also PAUL GOLDSTEIN, *COPYRIGHT'S HIGHWAY, THE LAW AND LORE OF COPYRIGHT FROM GUTENBERG TO THE CELESTIAL JUKEBOX*, 214-15 (1994).

73. See Database Act of 1996, *supra* note 67, § 4.

74. *Id.* § 3(a).

75. *Id.* § 6(a).

76. *Id.* § 9.

77. *Id.*

78. See Database Act of 1996, *supra* note 67.

79. See John B. Kennedy & Soshana R. Dweck, *WIPO Pacts Go Digital: Proposed Treaties Will Open Up Domestic Debate on Treatment of Electronic Works*, 19 NAT'L L.J., Jan. 27, 1997, at C1.

significant challenge), neither the NII legislation nor the database legislation made it out of committee. Did Commissioner Lehman and other members of the administration anticipate this? Well, when asked to comment by a Bureau of National Affairs reporter on what would happen if the NII bills failed in Congress, Lehman said:

The thing we are going to do is go to Geneva in December. I think that our proposed statutory changes are very modest. The beauty of our NII legislation, the White Paper, is that it provides us with a template for that international system. We are going to see if we can't negotiate some new international treaties and get that straightened out. Now it may be that those treaties will require some legislative implementation. They will certainly have to be ratified by the Senate in any event, but they also might have to be implemented and that gives us a sort of a second bite of the apple.⁸⁰

D. The WIPO Draft and Final Report

So that is what Commissioner Lehman did. The Clinton Administration proposed, and the World Intellectual Property Organization (commonly known as "WIPO") accepted for consideration, a set of draft treaties to be presented to the delegates to the WIPO conference held in Geneva in December.⁸¹ As Lehman promised, the proposals closely followed the administration's "template for the international system."⁸² There were many aspects to the proposed treaties, including provisions that could impose liability for copyright infringements to Internet service providers,⁸³ but two caused the most controversy.

The first is the analog of the transmission right proposed in the White Paper. The WIPO Draft Copyright Treaty proposed to give copyright holders the right to prevent any "direct or indirect reproduction" of a work, "whether permanent or temporary, in any manner or form."⁸⁴ To make certain that there is no doubt that this provision is intended to cover transmissions through RAM for the purpose of viewing a Web page on a screen, the drafters added: "A

80. Prudence Adler, *NII Copyright Bill Stalled; WIPO Takes Up "Digital Agenda,"* ARL: A BIMONTHLY NEWSLETTER OF RESEARCH LIBRARY ISSUES AND ACTIONS, Aug. 1996, at 187 (visited Apr. 4, 1997) <<http://arl.cni.org/newsltr/187/bill.html>>.

81. See generally Draft Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works (1996) (visited Apr. 5, 1997) <<http://www.loc.gov/copyright/wipo4.html>> [hereinafter "WIPO Draft Copyright Treaty"].

82. Adler, *supra* note 80; see also WIPO Draft Copyright Treaty, *supra* note 81.

83. See, e.g., WIPO Draft Copyright Treaty, *supra* note 81, art. 13.

84. *Id.* art. 7, ¶1.

work that is stored for a very short time may be reproduced or communicated further, or it may be made perceptible by an appropriate device.”⁸⁵ As in the White Paper, the drafters are very careful to state that they believe that the proposed article does not really expand existing law, stating that “[t]he scope of the right of reproduction is already broad.”⁸⁶ According to the explanatory notes for the draft treaty, all the drafters are doing is making “explicit” the “inclusion of direct and indirect reproduction.”⁸⁷

The second proposal was a *sui generis* database protection treaty.⁸⁸ The draft provided that treaty signatory countries “shall protect any database that represents a substantial investment in the collection, assembly, verification, organization or presentation of the contents of the database.”⁸⁹

To make a huge understatement, there was a lot of opposition. One has only to visit the Electronic Frontier Foundation (EFF) site⁹⁰ or the essential.org⁹¹ threads on these topics to sense the degree of outrage. People flew to Geneva, they camped out, they posted to the Web. The going was tough. One correspondent wrote that “you could not imagine a more closed proceeding.”⁹² At the end of the day—December 20, 1996, to be exact—both of these provisions failed to be adopted. The database provision was an early casualty. According to the WIPO press release,⁹³ the Conference did not discuss it, but rather adopted a recommendation to convene an extraordinary session of the WIPO governing bodies to decide on the further preparatory work required for database protection.⁹⁴ The “ephemeral copying” provision was dropped at the last minute. The official WIPO press release stated that the Conference considered the transitory copies

85. *Id.* Notes on Art. 7, Note 7.05.

86. *Id.* Notes on Art. 7, Note 7.01.

87. *Id.* Notes on Art. 7, Note 7.04.

88. Draft Treaty on Intellectual Property in Respect of Databases (1996)(visited Apr. 5, 1997)<http://www.wipo.org/eng/dipconf/6dc_sta.htm>[hereinafter “WIPO Draft Database Treaty”].

89. *Id.* art. 1.

90. *See, e.g.*, <http://www.eff.org/intellectual.property/eff_wip_19961122.comments>(visited Apr. 5, 1997)(discussing EFF’s concerns with the database proposal).

91. *See generally* (visited Apr. 5, 1997)<<http://essential.org>>; *see also* (visited Apr. 5, 1997) <<http://www.publicdomain.org/copyright/signan.html>>.

92. Comments from discussion thread on <http://essential.org>.

93. *See* WIPO Press Release No. 106, Dec. 20, 1996 (visited Apr. 5, 1997)<<http://www.wipo.org/org/diplconf/distrib/press106.htm>>.

94. *Id.*

issue, "but did not adopt any such provisions since it considered that these issues may be appropriately handled on the basis of existing international norms on the right of reproduction."⁹⁵

III Conclusion

The foregoing is intended to be a short survey of a complicated situation, both regarding the "misappropriation explosion" and the administration's attempts to protect rights holders. As I mentioned, the Second Circuit's decision in *NBA* may mark some pulling back from the "misappropriation explosion," or it may be reversed by the Supreme Court. If it stands, I think it has to be seen as inconsistent with the holding in the *INS* case and as a challenge to rights holders, particularly organizations that produce "hot news." There is currently no intention to introduce additional NII legislation,⁹⁶ but I am sure we will hear more on this subject.

I think there are several challenges ahead as the law addresses the unique circumstances of the Internet. First, I think there is a real need to give some clear protection to the content of databases. The new digital technologies and cross-enterprise networks have combined to produce the greatest changes in the way information is distributed since the invention of the printing press. The use of computers has made it economically feasible to collect, store, manage, and deliver huge amounts of data at a time when continuously expanding databases have become the building blocks of knowledge, especially, as Professor Pam Samuelson⁹⁷ notes, in the observational sciences. When used with the power of a computer and useful manipulation applications, databases allow us to make sense out of what in all previous centuries would have been seen as a mass of unrelated, incomprehensible facts.

Not only does this technology make databases more important, it also exacerbates the problem of the public goods nature of databases. They are still expensive to produce, but now the copying, use, and general free riding has become even easier, cheaper, and faster. I think there is a very real chance that absent some protective laws, with appropriate public domain safeguards analogous to "fair use" under

95. *Id.*

96. Telephone Interview, Patent and Trademark Office (Jan. 31, 1997).

97. Ms. Samuelson is a law professor at University of California Berkeley, Boalt Hall School of Law. See *supra* notes 4 and 48.

copyright, we will end up with some significant underinvestment in these new, very helpful creations.

Second, I believe we have to articulate a rationale for the protection of facts, such as sports scores, that are not part of databases. As I said above, the *Feist* decision has had the unfortunate effect of reinvigorating a common law jurisprudence, whether called "misappropriation" or "conversion" or otherwise, that is effectively the "common law copyright"⁹⁸ that Congress, correctly, in my view, tried to eliminate in the preemption provisions of the 1976 Copyright Act. I am not saying this because I think federal judges are more capable of interpreting intellectual property law than state court judges, or that intellectual property law is so important in the world economy that we must have a uniform approach across the country. I think it is important that we have debate on this subject, informed by as good an understanding as is possible of the consequences. We should acknowledge that technology changes every day but also that ignoring these issues is not going to make them go away. In other words, whether one feels that the "public goods" problem requires the commodification of information in order to avoid underproduction, or that these are unnecessary legal monopolies in which transactions costs are introduced into the free flow of information, Congress ought to be able to articulate some standard by which courts can make these decisions.

Professor James Boyle says that one of the reasons we have trouble protecting facts is that they do not conform to our romantic and heroic ideals of the author laboring away in the garret.⁹⁹ I think there is something to that. "Mere facts" are somehow "lesser creatures." Presented with this rare opportunity to balance new property rights with the benefits of easy access to information, I think courts, government officials, and legislators should proceed carefully.

98. Prior to the 1976 Copyright Act, unpublished works were protected by state common law copyright. See 2 PAUL GOLDSTEIN, COPYRIGHT §§ 15.4-15.6 (1989). See e.g., *King v. Mister Maestro, Inc.*, 224 F. Supp. 101 (S.D.N.Y. 1963)(common law copyright in Dr. Martin Luther King's "I Have a Dream" speech); *Krahmer v. Luing*, 317 A.2d 96, (N.J. Super. 1974) (1974)(common law copyright in architect's unpublished plans, even though building was completed). Under section 301 of the 1976 Act, common law copyright protection has been significantly limited, and now applies only where the work does not fall within the subject matter of copyright under the 1976 Act or if the work is not fixed in a tangible medium of expression. 17 U.S.C. § 301 (1994).

99. See generally JAMES BOYLE, SHAMANS, SOFTWARE, AND SPLEENS: LAW AND THE CONSTRUCTION OF THE INFORMATION SOCIETY (1996).