NBA v. Motorola: A Case for Federal Preemption of Misappropriation?

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CASE COMMENT

NBA V. MOTOROLA: A CASE FOR FEDERAL PREEMPTION OF MISAPPROPRIATION?

I. INTRODUCTION

A recent Second Circuit opinion, *NBA v. Motorola, Inc.*,¹ addressed the issue of federal preemption of state misappropriation law via the Copyright Act. Federal preemption of the type of subject matter in this case became an issue after the Copyright Act was amended in 1976 to include copyright protection for simultaneously recorded broadcasts of live performances, namely sports and musical events broadcast on radio or television. This coverage, however, does not extend to the underlying events. Section 101² coupled with § 301,³ which states that the Copyright Act preempts state law attempting to afford dual protection for subject matter that is copyrighted, has created a conflict for simultaneously recorded and broadcast events. The *NBA* court interpreted these two Copyright Act sections to mandate that even though the underlying basketball games are not copyrightable subject matter, state misappropriation law is preempted because these events are embodied within copyrightable taped broadcasts. Hence, there is no federal or state protection for these underlying events.

Before the 1976 amendment and under the 1909 Copyright Act, the misappropriation doctrine, which often covered sporting events, developed in state law as a means to protect labor and money expended in collecting information used for business purposes. Generally the information was used in works which were not copyrightable, but as modern copyright law has expanded, the overlap between Copyright Act protection and common law misappropriation protection has become great. Today, state misappropriation law may attempt to offer protection for material within the scope of the

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¹ 105 F.3d 841 (2d Cir. 1997).
³ See Id. § 301.
Copyright Act. This material may not be per se copyrightable, but may be included within a copyrightable work. Hence, a conflict exists between state law misappropriation and the federal Copyright Act.

This Comment attempts to further analyze the line between state misappropriation law and the federal Copyright Act, and determine, in light of federal preemption, if there is room for the misappropriation doctrine to cover material not per se copyrightable, but embodied in copyrightable media. In Part II, I will present the NBA decision. In Part III, I will discuss the landmark International News Service v. Associated Press (INS) decision which established the misappropriation doctrine. In Part IV, I will trace the common law misappropriation doctrine developments after INS up to modern day. In Part V, I will analyze federal preemption of state law misappropriation through constitutional preemption and Copyright Act preemption. In Part VI, I will analyze the NBA decision in light of misappropriation and Copyright Act history. Finally, in Part VII, I will conclude that federal preemption of state law misappropriation, through either constitutional preemption or § 301 of the Copyright Act, does not exist for all misappropriation claims.

II. NBA v. Motorola

In NBA, the NBA sued Motorola for misappropriation of basketball game scores and other "real time" information under New York state law and, alternatively, federal copyright law. The dispute centered around pocket pagers that Motorola sold, which gave game information including: team names, score changes, the team in possession of the ball, whether a team is in the free throw bonus, the game quarter and the time remaining in the game. The information was updated every two or three minutes and was available during the game. Motorola's employees listened or watched the games on radio or television and transmitted the information to a computer data compiler at the transmission service. The NBA claimed state misappropriation.

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4 248 U.S. 215 (1918).

5 The NBA complaint also included claims for false advertising, false representation under the Lanham Act, state and federal unfair competition, and unlawful interception of communications under the Federal Communications Act of 1934. NBA, 105 F.3d at 844.

6 Information is updated more frequently towards the end of periods and in overtime play. Id.

7 This fact is important because if the defendant's employees were attending the NBA games, and taking the game data from within the game arenas, a possible implied licensing argument could exist for the plaintiff. This is because the game tickets have a statement printed on their backs prohibiting transmission of any game or
priadation law for the game information. The NBA alternatively claimed federal Copyright Act infringement for Motorola's use of the game information.

The NBA court first looked to INS, which established the common law misappropriation action, and discussed how INS became embodied in state law misappropriation actions without interfering with federal copyright law pre-1976. The court noted that for cases like this one, tension between the common law INS misappropriation and the federal Copyright Act began to exist after 1976, as the Copyright Act was amended to include protection for broadcasts simultaneously recorded and broadcast, but not for the underlying events. Hence, the radio or television broadcast of a live musical performance or sporting event may be copyrighted, but the underlying concert or game may not, as they are not fixed in any tangible medium of expression. This leaves the underlying event in the public domain.

The court next looked to see if Motorola infringed the NBA copyright on the broadcasts of its games, and found that Motorola did not infringe the broadcasts, as Motorola was only using underlying facts from the copyrighted works. The court stated that because the defendant used "only factual information culled from the broadcasts and none of the copyrightable expression for the game, appellants did not infringe the copyright of the broadcasts."

The 1976 Copyright Act included federal preemption of state law claims attempting to offer dual protection for material within the scope of the Copyright Act. The court determined that even though the broadcasts were copyrighted material and the underlying games

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8 NBA, 105 F.3d at 844.
9 Id. at 845-48.
10 See 17 U.S.C. §§ 101, 102(a) (1994) (stating that the underlying sporting events are not "original works of authorship," as there is no author); see also 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.09[f], at 2-170.1 (1997).
11 NBA, 105 F.3d at 847.
12 Id.
13 See 17 U.S.C. § 301; see also NBA, 105 F.3d at 848.

[A] state law claim is preempted when: (i) the state law claim seeks to vindicate 'legal or equitable rights that are equivalent' to one of the bundle of rights already protected by copyright law . . . ; and (ii) the particular work to which the state law claim is being applied falls within the type of works protected by the Copyright Act . . . .

Id.
were not,\textsuperscript{14} state law claims for both were preempted by the Copyright Act.\textsuperscript{15} The court stated:

We believe that: "Once a performance is reduced to tangible form, there is no distinction between the performance and the recording of the performance for the purposes of preemption under sec. 301(a). Thus, if a baseball game were not broadcast or were telecast without being recorded, the Players' performances similarly would not be fixed in a tangible form and their rights of publicity would not be subject to preemption. By virtue of being videotaped, however, the Players' performances that are equivalent to the rights in the copyright of the telecast are preempted."\textsuperscript{16}

The court next noted an exception to preemption with the Copyright Act: the \textit{INS} "hot news" doctrine.\textsuperscript{17} Under this exception, if information is not within the scope of the Copyright Act but considered "hot news," a state misappropriation claim may survive federal preemption. The court identified the elements required for the "hot news" exception to include cases where:

(i) the plaintiff generates or gathers information at a cost; (ii) the information is time sensitive; (iii) a defendant's use of the information 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 the other parties to free-ride on the efforts of the plaintiff or others would so reduce the incentive to


The fact that portions of the Ford memoirs may consist of uncopyrightable material . . . does not take the work as a whole outside the subject matter protected by the Act. Were this not so, states would be free to expand the perimeters of copyright protection to their own liking, on the theory that preemption would be no bar to state protection of material not meeting federal statutory standards.

\textit{Id.}

\textsuperscript{15} NBA, 105 F.3d at 848. The court specifically rejected the district court's partial preemption finding, which allowed federal preemption for the broadcasts, but not for the underlying events. Under this analysis, the district court had determined that Motorola violated state law misappropriation for the underlying games.

\textsuperscript{16} \textit{Id.} at 849 (quoting Baltimore Orioles v. Major League Baseball Players Ass'n, 805 F.2d 663, 675 (2d Cir. 1986)). Yet, is a sporting event really a 'performance' within the meaning of the Copyright Act? I believe not, and hence, this analysis by the court may not be valid.

produce the product or service that its existence or quality would be substantially threatened.\textsuperscript{18}

Ultimately, the court determined that the NBA "real time" data did not fall within the \textit{INS} "hot news" exception. The court found that although the information was time sensitive, other "hot news" elements were missing, as NBA's primary business was "producing basketball games for live attendance and licensing copyrighted broadcasts of those games," and Motorola did not directly compete with this.\textsuperscript{19} The court also stated that the collection of game statistical information was a separate product, and that Motorola did not evidence any free riding on NBA efforts to compile such information.\textsuperscript{20} The court maintained that the "hot news" exception still existed,\textsuperscript{21} but the particular facts of this case did not meet the test.

In deciding that there was no misappropriation in this case, the court expressly rejected older New York misappropriation case law, as going beyond \textit{INS} further than the 1976 Copyright Act allows. Because the NBA case compares the common law \textit{INS} misappropriation with the 1976 Copyright Act, it is important to look to the historical developments of each.

\textbf{III. International News Service v. Associated Press}

The unfair competition misappropriation doctrine was established in \textit{International News Service v. Associated Press}\textsuperscript{22} (\textit{INS}) in 1918. In this case, centered around World War I news reports, International News Service used the work of the Associated Press to benefit economically. The International News Service copied Associated Press news reports printed in the eastern United States, and transmitted them to subscribers in the western United States.\textsuperscript{23} International News Service

\begin{footnotesize}
\begin{enumerate}
\item \textit{NBA}, 105 F.3d at 845.
\item \textit{Id.} at 853–54.
\item \textit{Id.} Motorola collected the information independently, transmitted the information to its assembly service independently, assembled the information independently, and transmitted the information to its customers independently.
\item \textit{Id.} at 848.
\item 248 U.S. 215 (1918). Prior to this, it was generally accepted that unprotected material was in the public domain and could be copied without recourse. See Leo J. Raskind, \textit{The Misappropriation Doctrine as a Competitive Norm of Intellectual Property Law}, 75 MINN. L. REV. 875, 883 (1991) (discussing Chicago Bd. of Trade v. Christie Grain & Stock Co., 198 U.S. 236, 252 (1905) (holding transmission of exchange quotations enjoined only on the basis of inducing breach of contract), and National Tel. News Co. v. Western Union Tel. Co., 119 F. 294, 296 (7th Cir. 1902) (stating that matter gathered and transmitted by telegraph company is not copyrightable)).
\item \textit{INS}, 248 U.S. at 231. The International News Service did three specific things to use Associated Press work: it bribed AP employees to disclose news before or dur-
\end{enumerate}
\end{footnotesize}
did not have its own reporters, but instead used the Associated Press articles for World War I information.\textsuperscript{24} International News Service competed against Associated Press for a West Coast clientele with the copied information.\textsuperscript{25} The Associated Press articles were not copyrighted,\textsuperscript{26} and as the United States Supreme Court found International News Service's behavior inequitable, the Court established the misappropriation doctrine, which prevented International News Service from unjustly benefiting from Associated Press's labor.\textsuperscript{27} The court stated:

In doing so this defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill, and money, and which is salable by complainant for money, and that defendant in appropriating it and selling it as its own is endeavoring to reap where it has not sown, and by disposing of it to newspapers that are competitors of complainant's members is appropriating to itself the harvest of those who have not sown. Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business.\textsuperscript{28}

This often quoted paragraph is famous for setting out the labor theory for misappropriation, which has been subsequently critiqued and analyzed numerous times.\textsuperscript{29} The elements of misappropriation spelled

\begin{itemize}
  \item induced AP members to disclose information directly to the INS, which was in direct violation of AP by-laws; and it made unauthorized copies of AP news stories from bulletin boards and from published AP papers and printed them in its own papers without attributing the work to the AP. \textit{Id.}
  \item The first two acts were enjoined in the trial court and, on appeal, finding relief for the third act led to creation of the misappropriation doctrine. \textit{Id.} at 253.
  \item \textit{Id.}
  \item \textit{Id.} at 233.
  \item \textit{Id.} at 239. The court noted that the "hot news" facts themselves were not being protected by the doctrine, but rather the proprietor's effort and expense in obtaining and creating the product. \textit{Id.} at 240.
  \item \textit{Id.} at 239–40.
out in *INS* include: the material must be of a time sensitive nature; the plaintiff expends significant labor and money in the creation of the thing appropriated; the defendant is in direct competition with the plaintiff; and the defendant’s actions cause commercial damage to the plaintiff.\(^{30}\)

When decided, *INS* was part of the federal common law, which was later abolished.\(^{31}\) *INS* was later adopted by the states as state misappropriation law. After misappropriation became state law, preemption became an issue. This was especially true after subsequent Copyright Act amendments, when criticism of the misappropriation doctrine significantly increased.

### IV. THE *INS* MISAPPROPRIATION DOCTRINE

#### A. The *INS* Legacy Before Preemption

After *INS*, but before the 1976 Copyright Act amendments, many states adopted the misappropriation doctrine. These cases frequently centered on either performance rights or news, and like *INS*, involved information of limited time value which was voluntarily given to the public.\(^{32}\) Twenty years after *INS*, misappropriation had been adopted as the law in Pennsylvania, Texas, New York and Missouri,\(^{33}\) and misappropriation gradually extended to many more states.\(^{34}\)

Examples of cases involving transmission of factual information or sporting events include two decisions in Pennsylvania. In the first, the court determined that a broadcaster could not observe Pittsburgh Pirates games over a fence and rebroadcast them.\(^{35}\) In the second


30 See Mercury Record Products., Inc. v. Economic Consultants, Inc., 218 N.W.2d 705, 711 (Wis. 1974), which is one of many cases that iterates the elements of misappropriation taken from *INS*.

31 See Erie R.R. Co. v. Tompkins, 304 U.S. 64 (1938).


33 See id. at 789.


35 Pittsburgh Athletic Co. v. KQV Broad. Co., 24 F. Supp. 490 (W.D. Pa. 1938). The court enjoined the defendant from broadcasting play by play descriptions of the baseball games and stated:
case, *Waring v. WDAS Broadcasting Station, Inc.*, a defendant was prevented from copying live musical performances which were embodied in phonographs. (Under the 1909 Copyright Act, the sound recordings were uncopyrightable until 1971.) The phonographs were labeled "not for radio use," yet the defendant played them on the radio to compete with the live performances of the musical group. The court applied INS, and determined that this was misappropriation of the work product of the musical group, as the phonorecords marked "not for radio use" did not publish the music to the public generally. (The phonorecords were intended to be used as phonorecords, but not to directly compete with the group's live performances.)

In Texas, the misappropriation doctrine was first used in a case similar to *INS*. In the case, the defendant republished news items gathered by the plaintiff, at his expense, without the plaintiff's authorization.

In New York, the misappropriation doctrine flourished with numerous decisions utilizing it. For example, courts prevented a news service from publishing confidential reports of a competing news service, and an unlicensed broadcaster from rebroadcasting boxing matches while seated next to the ringside announcer. In a well known case similar to *Waring*, *Metropolitan Opera Association v. Wagner-Nichols Recorder Corp.*, the defendant made unauthorized phonograph recordings of opera performances broadcast on the radio. The plaintiff had incurred great expense recording and licensing recording and broadcasting rights, and the defendant copied these broadcasts to sell in competition with the plaintiff's official record-

The right title and interest in and to the baseball games played within the parks of members of the National League, including Pittsburgh, including property rights in, and the sole right of, disseminating or publishing or selling, or licensing the right to disseminate, news, reports, thereof, is vested exclusively in such members. The actions . . . of the defendant constitute a direct and irreparable interference with, and an appropriation of, the plaintiff's normal and legitimate business; and said action is calculated to, and does, result in the unjust enrichment of the defendant at the expense of the plaintiffs.

*Id.* at 493–94.


37 *Id.* at 633.

38 *Id.* at 638.


40 *See* F.W. Dodge Corp. v. Comstock, 251 N.Y.S. 172 (Sup. Ct. 1931).

41 *See* Twentieth Century Sporting Club, Inc. v. Transradio Press Serv., Inc., 300 N.Y.S. 159 (Sup. Ct. 1937).


43 *Id.* at 487.
The court looked to substantial case authority which used the misappropriation doctrine, and found that the defendant unjustly benefited from the labor and licensing of the plaintiff, and hence, misappropriated the plaintiff's work. The court stated that misappropriation law was developed "to deal with business malpractice offensive to the ethics of society."

B. Cases Refuting INS: The Cheney Bros. Reasoning

In his INS dissent, Justice Brandeis stated that "[t]he general rule of law is that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—became, after voluntary communication to others, free as the air to common use." One commentator has further argued that "[a]ctually the limited monopolies of trademark, patent, and copyright stand as narrow exceptions" to this general rule. Critics of INS have agreed with Brandeis and believed that the misappropriation doctrine, as set out in INS, enables courts to set up patent and copyright monopolies conflicting with the patent and copyright schemes established by Congress, "and in a situation which the Constitution has entrusted to Congress alone."

Furthermore, many believe that INS should be limited to its facts: The facts of the INS decision are unusual and may serve, in part, to limit its rationale. The limited extent to which the INS rationale has been incorporated into the common law of the states indicate that the decision is properly viewed as a response to unusual circumstances rather than as a statement of generally applicable principles of common law. Many subsequent decisions have expressly limited the INS case to its facts.

44 Id.
45 Id. at 498.
46 Id. at 492. An interesting aspect of this case is that it did not deal with "hot news," and hence the finding of misappropriation significantly enlarged the scope of the doctrine. The NBA court determined that this line of cases enlarged the scope of misappropriation beyond that permitted by INS and should not be permitted any longer.
49 Meyers, supra note 29, at 678 (quoting Zechariah Chafee, Jr., Note, Unfair Competition, 53 HARV. L. REV. 1289, 1314–15 (1940)).
50 NBA v. Motorola, Inc., 105 F.3d 841, 852 n.7 (2d Cir. 1997) (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 38 cmt. 6 (1995)).
Criticism of INS began soon after the opinion was written, and in the early years, Judge Learned Hand was the main critic. In *Cheney Bros. v. Doris Silk Corp.*, he criticized the doctrine as providing intellectual property protection that expressly was not afforded by the Constitution. In this fashion design case, the plaintiff had created a silk design that was not protectable by patent or copyright. The defendant purposely copied the plaintiff's design and sold it for a lower price in the same market to compete with the plaintiff. The plaintiff attempted to use INS to find that the defendant misappropriated the designs. The plaintiff claimed the design was time sensitive material, as the design would only be popular for one season, and that the other "hot news" requirements from INS were met. Although it was undisputed that the defendant copied the plaintiff's work to compete with the plaintiff for the same market, Judge Hand refused to apply the INS misappropriation doctrine. Hand felt that the misappropriation doctrine unjustly took subject matter out of the public domain that Congress had intended to leave within the public domain. He believed that if unchecked, INS would extend to potentially all subject matter not within the copyright or patent scopes, and effectively eliminate all market competition.

After *Cheney Bros.*, Judge Hand continued to reject INS, or limit it to its facts. In *R.C.A. Manufacturing Co. v. Whiteman*, a case very similar to *Waring*, the plaintiff sought to keep the defendant from radio broadcasting the phonorecords of live performances. The phonorecords were not intended for radio use. Judge Hand refused to apply INS, and instead focused on the plaintiff's voluntary placement of his work in the public domain, without patent or copyright protection, as a basis for rejecting the misappropriation doctrine.

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51 See Sease, *supra* note 32, at 784–86, 788–91, for a general overview of Judge Learned Hand's decisions involving INS.

52 35 F.2d 279 (2d Cir. 1929).

53 Judge Learned Hand believed that INS went too far and gave the inventor too much power. He stated, "To exclude others from the enjoyment of a chattel is one thing; to prevent any imitation of it, to set up a monopoly in the plan of its structure, gives the author a power over his fellows vastly greater, a power which the Constitution allows only Congress to create." *Id.* at 280.

54 *Id.*


56 114 F.2d 86, 90 (2d Cir. 1940).


58 *RCA*, 114 F.2d at 89.
Many other courts and judges have followed Cheney Bros. An example of this is a Texas case, Loeb v. Turner, wherein the court chose not to apply INS. In this case, a Texas radio station appropriated news broadcasts of a Phoenix automobile race from a Phoenix radio station. The Phoenix station had contracted for an exclusive right to report the race. The Texas station obtained racetrack statistics and other information by stationing a reporter within the broadcast area of the Phoenix station, but not at the racetrack itself. The court held that once the Phoenix station broadcast the news, it was in the public domain. The court's decision not to use the misappropriation doctrine rested mostly in its determination that competition did not exist between the two stations, as their broadcast areas did not overlap. The INS element of direct competition was not met, and hence there was no misappropriation under Texas law.

V. Federal Preemption of Misappropriation

A. Constitutional Preemption

State misappropriation law may be preempted federally via constitutional preemption, preemption within § 301 of the Copyright Act, or both. Preemption of state misappropriation law became a constitutional issue after two 1964 cases. In the twin cases Sears Roebuck & Co. v. Stiffel Co. and Compco Corp. v. Day-Brite Lighting, Inc., the U.S. Supreme Court determined that federal law preempted state law proposing to protect devices that were not federally patentable. The Sears Court stated that state law may not prohibit the copying of an item that is unprotected by a patent or copyright, as the state law was in effect attempting to provide protection equivalent to federal patent

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59 257 S.W.2d 800 (Tex. Civ. App. 1953, no writ); see Raymond A. Be, Dead or Alive?: The Misappropriation Doctrine Resurrected in Texas, 33 Hous. L. Rev. 447, 454 n.54 (1996).
60 Loeb, 257 S.W.2d at 801.
61 Id.
62 Id. at 803.
63 Id.
64 Congress authorized constitutional protection for inventions and writings and stated that the purpose of this was "[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, cl. 8. The Supremacy Clause provides that state law attempting to provide the same coverage as federal law is preempted by the federal law. U.S. CONST. art. VI, cl. 2.
protection for inventions. This undermined federal patent protection, as state law did not contain the requirements set out in the federal law for patent protection. More importantly, the Supreme Court extended this constitutional preemption to copyright law, as well as patent law, and stated that state law would alter the scope of federal protection to interfere with public policy favoring "free access to copy whatever the federal patent and copyright laws leave in the public domain."

The Sears court relied on Judge Hand's Cheney Bros. reasoning and similar copyright opinions in rejecting the misappropriation doctrine. This can also be read as proof that Sears was intended to extend to copyright law, as well as patent law. The Cheney Bros. reasoning has been used in patent and copyright cases since Sears to reject INS and misappropriation.

While it was once speculated that Sears would be the end of misappropriation, other subsequent cases have proved this untrue. In Goldstein v. California, the Court limited Sears by holding that a California anti-piracy statute on musical recordings was not preempted by federal copyright law. The Goldstein Court first discussed preemption within the Copyright Act and stated that Congress' failure to include protection for sound recordings did not raise an inference that Congress intended state protection for musical recordings to be pre-

67 Sears, 376 U.S. at 232. The Court also said:  

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. Obviously, a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time. Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashed with the objectives of the federal patent laws.

Id. at 230–31.

68 Compco Corp., 376 U.S. at 237.

69 See, e.g., G. Ricordi Co. v. Haendler, 194 F.2d 914 (2d Cir. 1952) (furthering the Cheney Bros. reasoning); see also Sease, supra note 32, at 794 (theorizing that the Supreme Court's citation of Hand's rejection of INS in Ricordi "might have some significant impact on the doctrine of misappropriation").

70 See 2 Rudolph Callman, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 60.4[c] (3d ed. 1968).

71 412 U.S. 546 (1973) (determining that a California statute affording protection for musical recordings against piracy was not preempted by federal copyright law).
emptied by the Copyright Act.\textsuperscript{72} Instead, the fact that Congress left the area open led to an inference that the states were free to create their own laws.\textsuperscript{73} The \textit{Goldstein} Court distinguished this case from \textit{Sears}, in that \textit{Sears} dealt with patent law and \textit{Goldstein} was about copyright law. The \textit{Goldstein} Court did not rely on constitutional preemption, but instead concentrated on preemption within the Copyright Act.

Yet the Supreme Court reaffirmed \textit{Sears} in \textit{Bonito Boats, Inc. v. Thunder Craft Boats, Inc.}\textsuperscript{74} The Court expressly rejected a Florida statute which provided protection for design ideas. The Court stated that this was additional protection to that provided by the Patent Act and was constitutionally preempted. The Court stated that the federal patent scheme is "a scheme of federal regulation . . . so pervasive as to make reasonable the inference that Congress left no room for the states to supplement it."\textsuperscript{75} Justice O'Connor noted that "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."\textsuperscript{76}

It can be argued that this is analogous to federal copyright law, wherein Congress has also balanced public domain interests with authors' interests in enacting the copyright legislation. With copyright law, as well as patent law, materials which are kept in the public domain are placed there for legitimate reason. To allow state law to take away from this purposeful classification of underlying factual events undermines Congress' intent and the Constitution. This point is best stated by Gary Meyers:

\begin{quote}
Applying the preemption logic of \textit{Bonito Boats} to copyright law, there is a strong argument for preemption of state law that provides for copyright-like protection of information in conflict with federal copyright law. Under section 102(b) of the Copyright Act of 1976, Congress expressly placed ideas, facts, processes, and the like in the public domain. \textit{Feist} helps define the scope of that exclusion and the necessary creative requirement that must be met for purposes of federal copyright law. Thus, as a matter of Constitutional preemp-
\end{quote}

\textsuperscript{72} \textit{Id.} at 558, 569-570. At this time, prior to the 1976 Copyright Act amendments, there was no protection for sound recordings in the Copyright Act.

\textsuperscript{73} \textit{Id.} at 570.

\textsuperscript{74} \textit{489 U.S. 141} (1989) (holding that a Florida statute controlling design ideas was constitutionally preempted, as it offered protection for material within the scope of the Patent Act).

\textsuperscript{75} \textit{Id.} at 167 (citing \textit{Rice v. Santa Fe Elevator Corp.}, \textit{331 U.S. 218}, 230 (1947)).

\textsuperscript{76} \textit{Bonito Boats}, \textit{489 U.S.} at 146.
tion under the Supremacy Clause, as in *Bonito Boats*, the question becomes whether a state can remove from the public arena information that Congress has dedicated to the public domain. There is a strong argument that these expansive interpretations of tort law would be preempted by federal law.\(^7\)

Yet, *Bonito Boats* and *Sears* may be distinguished from *Goldstein*, in that *Goldstein* pertains to copyright law and not patent law. In the past, protection for copyrights was found in state law, and protection


*Feist* completely rejects *INS* reasoning for protecting data compilations and states that a “sweat of the brow” theory “distorts basic copyright principles in that it creates a monopoly in public domain materials without the necessary justification of protecting and encouraging the creation or ‘writings’ by ‘authors.’” *Feist*, 499 U.S. at 354 (citing 1 *MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 3.04[B][1], at 3-23 (1997)*). In *Feist*, Justice O’Connor stated further:

> It may seem unfair that much of the fruit of the compiler’s labor may be used by others without compensation. As Justice Brennan has correctly observed, however, this is not “some unforeseen byproduct of a statutory scheme.” It is, rather, “the essence of copyright,” and a constitutional requirement. The primary objective of copyright is not to reward the labor of authors, but “to promote the Progress of Science and useful arts.” To this end, copyright assures authors the rights to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. This principle, known as the idea/expression or fact/expression dichotomy, applies to all works of authorship. As applied to a factual compilation, assuming the absence of original written expression, only the compiler’s selection and arrangement may be protected; the raw facts may be copied at will. This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.

*Feist*, 499 U.S. at 349–50; *see also* 1 *MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.01[B][1][f][iii], at 1-31 (1997).

*Goldstein* distinguished *Sears* and *Compco* on the unsatisfying ground that under the doctrine of the latter cases, a failure of federal protection implied preemption only in the patent, not in the copyright sphere. Although *Sears* and *Compco* involved the patent sphere, nonetheless, the opinions in those cases would seem to apply to copyrights equally. *Goldstein* reasoned that “application of state law in [patent] cases to prevent the copying of articles which did not meet the requirements of federal protection disturbed the careful balance which Congress has drawn . . . . No comparable conflict between state law and federal law arises in the case of recordings of musical performances.” The Court offered no reason why such a ‘balance’ was required in the patent sphere and not in the copyright sphere.

*Id.*
for patents was never state law. Hence, copyright misappropriation analysis is different from patent misappropriation analysis, as copyright analysis must deal with state law doctrines.

The Supreme Court has further held that a state action involving copyright law is not constitutionally preempted. In Zacchini v. Scripps-Howard Broadcasting Co., 78 the Court determined that a state law cause of action for 'right of publicity' is not preempted constitutionally. The Court stated that “the Constitution no more prevents a State from requiring respondent to compensate petitioner for broadcasting his act on television than it would privilege respondent to film and broadcast a copyrighted dramatic work without liability to the copyright owner.” 79 In this statement, the Court made clear that the Constitution is silent on this issue, and that it is left to state law. The Court furthered the interpretation that constitutional silence gives rise to an inference of no preemption, and it should not be assumed that Congress intended to keep unmentioned subject matter within the public domain. Congress merely allows the states to determine their own laws on such matters.

The Zacchini Court further stated:

Just as the States may exercise regulatory power over writings so may the States regulate with respect to discoveries. States may hold diverse viewpoints in protecting intellectual property relating to invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress .... 80

The first part of this statement is important in that it gives the states permission to regulate discoveries. Discoveries may include factual information outside the scope of the Copyright Act. (Remember that the first person to discover the information did not create it for purposes of the Copyright Act.) The second part of the statement is important in that it gives permission to regulate an area only if it is not conflicting with laws passed by Congress. Thus, as long as state regulation covers material outside the scope of the Copyright Act and as long as state regulation does not conflict with the Copyright Act, state regulation of such material is permissible.

78 433 U.S. 562 (1977) (giving human cannonball act 'right of publicity' to prevent the media from replaying the act in its entirety on television because this decreased the act's marketability).

79 Id. at 575.

80 Id. at 577 n.13 (citing Kenawee Oil Co. v. Bicron Corp., 416 U.S. 470, 479 (1974)).
B. Preemption Within the Copyright Act

Although under the Supremacy Clause federal law preempts conflicting state law, preemption for federal copyrights was specifically embodied in the 1976 Copyright Act in § 301. Section 301 of the Act provides that federal copyright law preempts all state causes of action equivalent to those provided for by the Act for works falling within the scope of the Act.\(^{81}\) The scope of the Act extends to all original authored works fixed in a "tangible medium."\(^{82}\) According to the legislative history of the Copyright Act, so long as the work fits within the scope of the Act and under one of classifications iterated in § 102 and § 103 of the Act, states are precluded from granting protection to such works,\(^{83}\) even if the subject matter fails to achieve a copyright because it is too minimal, lacks originality, or falls into the public domain.\(^{84}\)

During congressional debate before § 301 was enacted, Congress proposed a list of exceptions. The list, which included misappropriation, was eliminated in the final form of the statute.\(^{85}\) Although Con-

82 Id. § 102(a). According to the Act, "A work is 'fixed' in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." Id. § 101. Congress intended the fixation language in § 102(a) to be broad enough to avoid artificial or unjustifiable distinctions based on a specific medium of expression in which a work might be fixed. See H.R. Rep. No. 94-1476, at 52 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5665.
84 Id.
85 In the original version of this law, § 301(b)(3) held misappropriation out as an exception to preemption and stated the exceptions:
[A]ctivities violating legal or equitable rights that are not equivalent to any exclusive rights within the general scope of copyright as specified by Section 106 including rights against misappropriation not equivalent to any of such exclusive rights, breaches of contract, breaches of trust, trespass, conversion, invasion of privacy, defamation, and deceptive trade practices such as passing off and false representation.
S. 22, 94th Cong. (1976) (sent to the floor of the House).
In response to this, the U.S. Justice Department sent a letter objecting to the inclusion of misappropriation, "The misappropriation theory is vague and uncertain . . . . This apparently would permit states to prohibit the reproduction of the literary expression itself under a 'misappropriation' theory . . . . [It] is almost certain to nullify preemption . . . ." See 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.01[B][1][f][I] at 1.26-29 (1997) (describing the Justice Department letter and subsequent House debate which ultimately concludes with the deletion).
gress has shown some intent not to carve out a broad misappropriation exception to § 301 by eliminating this list, members stated during floor debate that misappropriation is not synonymous with copyright infringement.\(^{86}\) The congressional debate seems to leave open a smaller misappropriation exception for “hot news.”\(^{87}\)

The House Report seeming to allow the “hot news” exception states:

“Misappropriation” is not necessarily synonymous with copyright infringement, and thus a cause of action labeled as “misappropriation” is not preempted if it is fact based neither on a right within the general scope of copyright as specified by Section 106 nor on a right equivalent thereto. For example, state law should have the flexibility to afford a remedy (under traditional principles of equity) against a consistent pattern of unauthorized appropriation by a competitor of the facts (i.e., not the literary expression) constituting “hot” news, whether in the traditional mold of \(\text{INS}\), or in the newer form of data updates from scientific, business, or financial data bases.\(^{88}\)

The “hot news” exception seems to be based on principles of equity, to prevent a person from unjustly benefiting from the work product of another. It ensures that assembling news remains profitable for news sources, which will benefit the public in that news sources will continue to operate if business is profitable.

In the House debate discussing “hot news,” members stated that there is a misappropriation exception for “hot news” “whether in the traditional mold of \(\text{INS}\), or in the newer form of data updates from scientific, business or financial data bases.”\(^{89}\) This seems to imply that there can be “hot news” outside of the \(\text{INS}\) criteria, which is perhaps intended to further the equity \(\text{INS}\) sought to achieve. In this sense, a broader interpretation may be made of Congress’ intent to allow misappropriation to be free from preemption.

A contrary argument may be made that by deleting the § 301 list of exceptions including misappropriation, Congress intends the Copyright Act to preempt state misappropriation. However, this silence may also be interpreted as Congress allowing the states to legislate such protection on their own. Nimmer concludes that “because Congress may not legislate a copyright in facts, it likewise may not preempt

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86 The legislative history of § 301 indicates that Congress intended for states to have the latitude to recognize a state cause of action for misappropriation. See H.R. Rep. No. 94-1476 (1976), at 132, reprinted in 1976 U.S.C.C.A.N. 5659, 5748 (noting that state law should have the flexibility to provide a remedy for misappropriation).

87 Id.


89 Id.
the states from enacting such legislation."\textsuperscript{90} The \textit{Goldstein} court furthers this point of view, as it stated that Congress’ failure to include protection for material did not raise an inference that Congress intended state protection for that material to be preempted by the Copyright Act.\textsuperscript{91}

\textit{Feist Publications, Inc. v. Rural Telephone. Service Co.}\textsuperscript{92} adds support to the argument that the Copyright Act does not preempt misappropriation. While \textit{Feist} does not deal with misappropriation, it is centered around factual information similar to the factual scores in \textit{NBA}. The \textit{Feist} Court determined that while data compilations are copyrightable if they contain a requisite level of creativity in data arrangement, the underlying facts contained in the compilation are not copyrightable. The Court stated, “The mere fact that a work is copyrighted does not mean that every element of the work may be protected. Originality remains the \textit{sine qua non} of copyright; accordingly, copyright protection may extend only to those components of a work that are original to the author.”\textsuperscript{93}

The \textit{Feist} Court looked to \textsection 103 of the Copyright Act, which states, “The copyright in a compilation \ldots extends only to the material contributed by the author of such work, as distinguished from the preexisting employed material in the work, and does not imply any exclusive right in the preexisting material.”\textsuperscript{94} The Court held: (i) the Act explains with painstaking clarity that copyright requires originality; (ii) facts are never original; (iii) the copyright in a compilation does not extend to the facts it contains; and (iv) a compilation is copyrightable only to the extent that it features an original selection, coor-

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\item \textsuperscript{90} \textsc{Melville B. Nimmer} \& \textsc{David Nimmer}, \textsc{Nimmer on Copyright} \textsection 1.01 [B][2][b] at 1-44.4 (1997); \textit{see also} Kenawee Oil Co. v. Bicron Corp., 416 U.S. 470, 479 (1974) (noting that the Supreme Court has held that certain issues, such as trade secrets law, are still within the domain of state law regulation as long as the state law does not conflict with federal law); Warner Bros., Inc. v. American Broad. Co., 720 F.2d 231, 247 (2d Cir. 1983) (holding that state law palming off claims may not be preempted by federal law, as there are no equivalent federal rights to these state law rights).
\item \textsuperscript{91} \textit{Goldstein v. California}, 412 U.S. 546, 558, 569-70 (1973). At this time, prior to the 1976 Copyright Act amendments, there was no protection for musical recordings in the Copyright Act.
\item \textsuperscript{92} \textit{Feist Publications, Inc. v. Rural Tel. Serv. Co.}, 499 U.S. 340 (1991) (finding that “sweat of the brow” work product protection is not allowed under the Copyright Act, that Copyright Act’s protection extends only to \textsection 102 copyrightable subject matter, which does not include facts, and that data compilations are copyrightable if they contain a requisite level of creativity in data arrangement).
\item \textsuperscript{93} \textsc{Id.} at 348.
\item \textsuperscript{94} \textsc{Id.} at 359 (citing 17 U.S.C. \textsection 103 (1976)).
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dination, or arrangement.\textsuperscript{95} In determining that mere facts were not copyrightable, the Court rejected the "sweat of the brow" theory, which attempts to extend copyright protection to facts the gatherer labored to collect.

Although \textit{Feist} does not outright discuss misappropriation, it leaves room for a state law misappropriation action around the Copyright Act. This can be shown by arguments in \textit{Feist} and also by specific language the Court used. First, \textit{Feist} holds that facts are not copyrightable, and the Copyright Act could not extend to protect them. Hence, the factual information is outside of the scope of the Copyright Act. Taking this a step further, extending protection to these facts under state law is not attempting to confer a right equivalent to rights provided by the Copyright Act if the Copyright Act does not provide rights for factual information. Thus, state misappropriation of factual information should not be preempted by § 301 of the Copyright Act.

Second, \textit{Feist} states that "copyright does not prevent subsequent users from copying from a prior author's work those constituent elements that are not original—for example . . . facts, or materials in the public domain—as long as such use does not unfairly appropriate the author's original contributions."\textsuperscript{96} This statement seems to imply that while the Copyright Act will not prevent later users from taking the factual information out of the copyrighted mediums, an action may be brought if the later user "unfairly appropriates," or misappropriates the factual information. This misappropriation action is a state law action that should not be preempted by the Copyright Act.

\textit{Feist} contains a second example of language which implies misappropriation is not preempted by the Copyright Act: "Protection for the fruits of such research ['sweat of the brow'-type research] . . . may in certain circumstances be available under a theory of unfair competition."\textsuperscript{97} This language seems to imply that there is room to protect factual information not covered by the Copyright Act under state law unfair competition actions which may include misappropriation.

\textsuperscript{95} \textit{Id.} at 359.

\textsuperscript{96} \textit{Id.} at 350 (citing Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 547–48 (1985) (holding that factual portions of the copyrighted memoirs of President Ford fell within the Copyright Act, but that the factual portions were not of themselves copyrightable)).

\textsuperscript{97} \textit{Id.} at 354 (quoting 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 3.04, at 3-23 (1997)).
C. Misappropriation Cases Dealing with Preemption

Recent cases have both upheld and rejected misappropriation. Generally the cases that uphold misappropriation use *INS* and similar state law, and those rejecting misappropriation utilize *Cheney Bros.* and similar state law. Examples of cases supporting misappropriation include a recent Texas decision, *United States Sporting Products, Inc. v. Johnny Stewart Game Calls, Inc.*, wherein the court held that a misappropriation action lay for using actual animal sounds found in nature that were embodied in a copyrightable work. Arrangements of these sounds were copyrightable, but the actual sounds themselves were not, as they are found in nature and do not meet the Copyright Act § 102(a) requirement for an original work of authorship. The Texas court held that unauthorized use of these sounds was misappropriation.

Further, cases upholding misappropriation focus on the nature of the appropriating actions. These courts hold that a person may misappropriate material without violating a § 106 Copyright Act right. Misappropriation was established to prevent free-riding on the work product of a person, to obtain commercial advantage over that person where the defendant is in direct competition with that person. A person may use material to his commercial advantage without copying, distributing, and so on, and therefore may not infringe a § 106 right. This is true even if the material is within a copyrightable medium.

Support that "use" of facts within a copyrightable medium is different from a § 106 violation may be found in data compilation cases. An example of this is *Mayer v. Josiah Wedgewood & Sons, Ltd.* In this case, the court stated that not only is "hot news" an exception to preemption, but also that misappropriation will lie when one "improperly invades another's computerized data base and gains access to the data." The court distinguished "use" of the facts in the data base from violation of a right given by the Copyright Act for expressions of

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98 865 S.W.2d 214 (Tex. App. 1993, writ denied). In this case, the parties both created sound recordings of wild game noises for hunters' use. While the plaintiff spent time and labor in creating his recordings through gathering the noises and editing them, the defendant merely purchased the plaintiff's sound recording and incorporated parts of it into his own work.

99 *Id.* at 219. The court did not require the appropriated subject matter to be time sensitive in nature. This veers from the *INS* "hot news" criteria and broadens misappropriation to include more subject matter. Maybe this is what Congress considers "hot news" outside of *INS* that is still an exception to preemption.


101 *Id.*
these facts, and stated, "these examples [of misappropriation surviving preemption] involve subject matter other than copyright, specifically the facts and data as opposed to their expression," and thus are not subject to preemption.\footnote{\textit{Id.}}

The idea that facts, as opposed to copyrightable expressions of these facts, are outside of the scope of the Copyright Act, and that misappropriation actions of facts should escape preemption was also iterated in \textit{Rand McNally & Co. v. Fleet Management Systems, Inc.}\footnote{591 F. Supp. 726 (N.D. Ill. 1983) (finding misappropriation was not preempted for portions of a mileage guide, despite that the facts were contained in a copyrighted medium).} The court held that because “use of the reproduced data bank may be outside of the subject matter test of § 301(a) [of the Copyright Act], it is outside of the scope of the preemption doctrine.”\footnote{\textit{Id.} at 739.} The court focused on “use” of the data, as opposed to violation of a right under the Copyright Act. The court stated, “Use [in contrast to reproduction or copying of the factual data] may be clearly outside of the subject matter of copyright. For example, a print-out of one particular distance (as opposed to a print-out of the entire compilation) would not be within the subject matter of the [Copyright] Act, as it is a fact, not a part of a compilation.”\footnote{\textit{Id.}}

Hence, misappropriation does not necessarily afford a right that is equivalent to any right given by the Copyright Act. Misappropriation prevents unjust “use” of the work product of a person to gain commercial advantage over that person by one in direct competition with that person. The Copyright Act prevents unauthorized reproduction, creation of derivative works, distribution, performance, and display of copyrighted expressions. While the right afforded by misappropriation may at times yield a right equivalent to the rights under the Copyright Act, this is not always the case. Thus, not all misappropriation claims should be preempted by § 301 of the Copyright Act.

Other courts have rejected the misappropriation doctrine on the basis of preemption. In \textit{Schuchart & Associates, Professional Engineers},
A recent copyright case concerning misappropriation of architectural works by unauthorized copying of the works, the court held that state misappropriation was preempted by the Copyright Act. The *Schuchart* court considered federal preemption by using a two-prong preemption inquiry: to what extent a state misappropriation law conflicts with the underlying policy of the federal law covering the subject matter, and whether the federal and state rights are equivalent to the rights given by the Copyright Act.

The court first determined that architectural works were within the scope of the Copyright Act, and the first prong of inquiry was met. The court next looked to the second prong of the inquiry and stated that equivalency of state and federal rights does not require a word for word match. The court determined that the misappropriation rights were equivalent to rights under the Copyright Act—both prevented copying of the plaintiff's work. The court noted that although misappropriation requires the defendant to be in direct competition with the plaintiff and cause the plaintiff commercial damage, and that this is not a requirement of copyright infringement, this did not change the fact that both forums provided an equivalent right—the exclusive right to prevent copying.

Yet, the *Schuchart* court did not necessarily correctly interpret the right that misappropriation grants. Analysis of the second prong of *Schuchart*’s test could yield that misappropriation was trying to prevent free-riding on work products and not merely copying of the work. Section 106 of the Copyright Act gives the author of a work the exclusive right to reproduce, prepare derivative works, distribute copies, perform, and display the work, but the Copyright Act does not give the author the exclusive right to prevent all “use” of the work. Misappropriation, on the other hand, prevents inequitable “use” of the plaintiff’s work product where it unjustly places the defendant, who is

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107 540 F. Supp. 928 (W.D. Tex. 1982) (holding that misappropriation for architectural drawings was preempted by the Copyright Act). See generally Be, supra note 59, at 454.


109 See 17 U.S.C. § 102 (1994) (architectural works were not included in the 1976 Copyright Act, but were later amended into § 102 coverage).

110 *Schuchart*, 540 F. Supp. at 943.


113 *Id.* at 944.

in direct competition with the plaintiff, at a commercial advantage over the plaintiff.\textsuperscript{115} A defendant can "use" the plaintiff's work to his own commercial advantage without violating any of the rights under the Copyright Act.

A second case rejecting misappropriation is \textit{NFL v. Delaware}\.\textsuperscript{116} In this case, Delaware planned to use factual information, including game scores and winners, from the plaintiff's games for a state lottery game.\textsuperscript{117} While the NFL expended money and labor in putting together the games, the court determined that Delaware was not misappropriating the game information.\textsuperscript{118} The court relied on the fact that the information from the games was used after the NFL had disseminated game facts to the public at large and no longer expected financial gain from the information.\textsuperscript{119} Despite the fact that Delaware was relying upon the popularity of the NFL in making its profit, the court determined that this did not lead to misappropriation either.\textsuperscript{120} The NFL court also found that Delaware was using the NFL information for a collateral service—not for a service in direct competition with the NFL games, and stated that "[w]hile courts have recognized that one has a right to one's own harvest, this proposition has not been construed to preclude others from profiting from demands for collateral services generated by the success of one's business venture."\textsuperscript{121}

This case is analogous to \textit{NBA} in that the \textit{INS} "hot news" elements were not met. In \textit{NFL}, the defendant was not in direct competition with the plaintiff nor was the defendant placing itself at a commercial advantage over the plaintiff, as the defendant was not taking advantage of the time sensitive nature of the game information. \textit{NFL} does not attempt to eliminate misappropriation, but is simply an example of a case that found misappropriation preempted by the Copyright Act except for a "hot news" exception.

\section*{VI. Analyzing \textit{NBA} in Light of Misappropriation History}

\subsection*{A. NBA and Constitutional Preemption}

The U.S. Constitution offers protection for authors and inventors to cover their inventions and writings for a limited time. Congress

\textsuperscript{115} See supra notes 22–31 and accompanying text.
\textsuperscript{117} Id. at 1375–76.
\textsuperscript{118} Id. at 1377.
\textsuperscript{119} Id.
\textsuperscript{120} Id. at 1378.
\textsuperscript{121} Id.
authorized this constitutional protection "[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." Promoting "useful arts" was further defined by Congress in the Copyright Act. Congress did not create a provision for protecting underlying factual events within the scope of the Copyright Act, and to offer such protection does not fall within the stated purpose of promoting "the Progress of Science and useful Arts." Hence, offering state protection for factual events does not yield a right equivalent to rights given by the Constitution. This state protection does not encroach upon reserved federal rights.

Rather than assuming that Congress' silence on protection of factual events in the Copyright Act leads to an inference that Congress intended no state protection for factual events, I believe that Congress' silence leads to the opposite inference: that Congress intended such protection to be determined by the states. State law affording protection for underlying factual events does not unlawfully broaden the scope of the intended constitutional coverage of copyrightable material, nor does it unlawfully encroach upon materials expressly left within the public domain.

Support for this argument is found first in Nimmer, who concludes that "because Congress may not legislate a copyright in facts, it likewise may not preempt the states from enacting such legislation." Further support is found in Goldstein v. California. The Goldstein Court stated that Congress' failure to include protection for musical recordings did not raise an inference that Congress intended state protection for musical recordings to be preempted by the Copyright Act. Instead, the fact that Congress left the area open led to an inference that the states were free to create their own laws. This opinion is again iterated in Zacchini, wherein the Court held that a state law action for "right of publicity" is not preempted constitutionally. The Zacchini Court makes clear that the Constitution's silence on this issue gives rise to an inference of no constitutional preemption, and it should not be assumed that Congress intended to keep unmentioned

122 U.S. CONST. art. I, § 8, cl. 8.
123 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.01[B][2][b], at 1-44.4 (1997).
124 412 U.S. 546, 558, 569-570 (1973). At this time, prior to the 1976 Copyright Act amendments, there was no protection for musical recordings in the Copyright Act.
125 Id. at 570.
subject matter within the public domain. Thus, state misappropriation is not constitutionally preempted because it does not attempt to offer dual protection for material reserved for federal protection. Constitutional silence gives rise to the inference that law making power on this subject matter is left to the states.

*Sears, Compco* and *Bonito Boats* may be distinguished from *NBA*, as they are patent law cases, and *NBA*, similar to *Goldstein*, is a copyright case. Patent cases are different from copyright cases in that state copyright protection existed before federal copyright protection, but there never was any state patent protection. Patent law also has developed stringent standards for granting federal protection while copyright laws have been much less stringent. The *Goldstein* Court, as opposed to the *Sears* and *Compco* Court, also seemed to base its decision on Copyright Act preemption instead of constitutional preemption. This seems to suggest that for copyright law, as opposed to patent law, § 301 is the proper preemption inquiry to follow. Thus, constitutional preemption does not prevent state misappropriation claims.

**B. Section 301 Preemption**

Congress did not include protection for underlying factual events within the Copyright Act, such as sporting events, because the underlying events are not original works of authorship. The *NBA* court rejected the district court’s “partial preemption” analysis and refused to distinguish between preemption for the copyrightable tapings of the NBA games and no preemption for the non-copyrightable underlying basketball games. The court pointed out that once the underlying events were fixed in a tangible medium of expression, it was impossible to distinguish between the events and the copyrightable work. Inversely, if these non-copyrightable events were not fixed in a tangible medium of expression, the events would not fall within the scope of the Copyright Act, and there would be no preemption. The court stated, “By virtue of being videotaped, however, the Players’ per-

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127 Id.
128 See *Goldstein*, 412 U.S. at 569; see also *Kenawee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 489–90 (1974) (finding that state trade secret law was not preempted by federal patent law). The Court also discussed the differences between patent law and copyright law in that patent law had many more federal requirements. Hence, out of the two bodies of law, patent law would be more likely to invoke constitutional preemption, but neither body of law does invoke constitutional preemption.
129 See 17 U.S.C. §§ 101, 102(a) (1994). Arguably there is no author of these sporting events, or possibly many authors if you consider all of the athletes and coaches. Regardless, the basketball games do not meet the copyright requirement.
130 *NBA v. Motorola, Inc.*, 105 F.3d 841, 848 (2d Cir. 1997).
Performances are fixed in tangible form, and any rights of publicity in their performances that are equivalent to the rights contained in the copyright of the telecast are preempted."\textsuperscript{131}

Although the \textit{NBA} court focused on fixation of the factual events in copyrightable subject matter, I do not believe that fixation is the key to preemption. Fixation does not create rights in uncopyrightable facts that are equivalent to rights for copyrightable expressions of the facts. Reproduction of facts contained within a copyrightable expression does not violate the Copyright Act, yet reproduction of the expression does violate the Copyright Act.\textsuperscript{132} Hence, the rights for underlying facts and copyrightable expression are not equivalent, despite what the \textit{NBA} court maintains.

Furthermore, misappropriation does not yield equivalent rights to those given by the Copyright Act. First, misappropriation may cover subject matter outside the scope of the Copyright Act. \textit{Feist} left open the possibility for state causes of action for subject matter not within the scope of the Copyright Act.\textsuperscript{133} Remembering \textit{Feist}, if we consider the videotaped NBA basketball games as compilations of facts including game scores and plays, arranged in the creative manner that the cameraman chooses, the NBA games are data compilations. Hence, while the video tape is copyrightable, the underlying facts are not protectable by the Copyright Act. Taking this a step further, as in \textit{Feist}, while the Copyright Act does not provide protection for data, such protection under state law should not be preempted because such state actions are not conferring a right equivalent to any right of the Copyright Act.

Second, misappropriation may give rights different from any Copyright Act rights. In fact, as in \textit{Mayer},\textsuperscript{134} a person may "use" material to his commercial advantage without copying, distributing, and so on, and may hence not infringe a § 106 Copyright Act right. The \textit{Rand McNally} court held that such "use" is easily distinguishable from Copyright Act rights and should thus avoid preemption.\textsuperscript{135} State misappropriation relief for general "use" of factual material embodied in a copyrightable medium should not be prevented by the Copyright Act.

\begin{thebibliography}{9}
\bibitem{131} Id. at 849 (quoting Baltimore Orioles, Inc. v. Major League Baseball Players Assoc., 805 F.2d 663, 675 (7th Cir. 1986)).
\bibitem{135} Rand McNally, 591 F. Supp. at 739.
\end{thebibliography}
Act because such "use" does not infringe a right granted by the Copyright Act.

Analyzing NBA in light of the § 106 rights reveals that Motorola did not infringe any § 106 right. Motorola did not reproduce NBA's copyrighted broadcasts, and Motorola did not prepare derivative works based on the NBA broadcasts. Likewise, Motorola did not distribute copies of the NBA broadcasts, perform them, or display them. Yet this did not mean that Motorola did not use NBA material to its commercial advantage.

Motorola "used" facts contained within the broadcasts by collecting them and communicating them to its customers. If this "use" was for commercial advantage for a service in direct competition with NBA, it likely violates equity principles of free-riding on another's work product and constitute misappropriation. Such "use" is possible without violating a § 106 right. Because misappropriation covers such "use" that does not include copying, performing, and so on, misappropriation does not necessarily attempt to confer a right equivalent to any § 106 right. Thus, the NBA court did not correctly find that misappropriation attempts to give a right equivalent to rights given under the Copyright Act, and misappropriation should not be preempted by § 301 of the Copyright Act.

C. The "Hot News" Exception

Furthermore, the "hot news" exception to misappropriation preemption is alive. The INS elements of "hot news" were not met in NBA, but the doctrine still exists as an exception to preemption of misappropriation. "Hot news" should be used to avoid preemption

136 I realize that Schuchart leads to an opposite outcome. In Schuchart, the defendant was copying the plaintiff's work, and this is a right given by the Copyright Act. I am not suggesting that in this case that "using" the plaintiff's work by copying it is not an equivalent right to the rights granted by the Copyright Act. I am merely suggesting that copying is not the correct broader right that misappropriation is granting, but unauthorized "use" of a person's work-product to a competitor's commercial advantage is the better definition of the right granted by misappropriation.

Schuchart dismissed the misappropriation requirements of direct competition and commercial damage to the plaintiff as not altering the right misappropriation gave, but these requirements are important in that they reveal a broader right given by misappropriation. Where this right overlaps a right to "copy" provided by the Copyright Act, however, there is preemption of misappropriation. But this is not the case for all misappropriation.


138 See NBA v. Motorola, Inc., 105 F.3d 841, 850–53 (2d Cir. 1997).
when the rights granted under misappropriation are equivalent to rights granted by the Copyright Act.\textsuperscript{139}

Although the NBA facts did not match the requirements of INS "hot news," this does not necessarily prevent a finding of the "hot news" exception. Congress has stated that a "hot news" exception may exist under equity for non-INS "hot news."\textsuperscript{140} In this sense, a broad interpretation may be made of Congress’ intent to allow misappropriation to be free from preemption. This view was reiterated in United States Sporting Products, Inc. v. Johnny Stewart Game Calls, Inc.,\textsuperscript{141} wherein the court found misappropriation of animal sounds found in nature that were embodied in a copyrightable medium. Although these animal sounds did not meet INS "hot news" criteria, misappropriation was allowed.\textsuperscript{142}

Applying this interpretation to NBA yields that even if the NBA game statistics were not considered INS "hot news," a misappropriation remedy may still be found under general provision of equity to protect the labor spent in acquiring the NBA statistics. The NBA court could have found such a preemption exception if it had determined that equity called for such an outcome.

\section*{VII. Conclusion}

The NBA court did not correctly analyze federal preemption of misappropriation. NBA is an example of a case wherein the defendant did not violate any Copyright Act rights by using the factual information contained in the copyrightable medium. NBA did not contain any INS "hot news" because the elements of INS "hot news" were not met. NBA also did not likely contain misappropriation, because Motorola was not in direct competition with the NBA. However, the NBA court incorrectly determined that misappropriation was federally preempted.

Misappropriation survives both constitutional preemption and § 301 Copyright Act preemption. Goldstein suggests that § 301 is the proper preemption inquiry to use for copyright cases, as it provides a better reflection of Congress’ intent in preemption over state law claims that may offer dual protection for rights given under the Copy-

\begin{footnotes}
\item[139] In this sense, even though in the Schuchart court’s analysis misappropriation was attempting to grant a right equivalent to rights afforded under the Copyright Act, if the facts of the case met the “hot news” exception, preemption would not have occurred.
\item[141] 865 S.W.2d 214 (Tex. App. 1993, writ denied).
\item[142] Id. at 219.
\end{footnotes}
right Act.\footnote{Goldstein v. California, 412 U.S. 546, 558, 570 (1973).} Yet even if constitutional preemption is the proper inquiry, the federal laws are silent on regulation of factual material outside the scope of the Copyright Act. This silence can likely be interpreted to leave such regulation to the states, as seen in \textit{Goldstein}.\footnote{Id.} The \textit{Zacchini} Court furthered this view and held that the states are free to legislate in their individual capacities, as long as their legislation does not conflict with that of Congress.\footnote{Zacchini v. Scripps-Howard Broad. Co., 433 U.S. 562 (1977).} As factual matter is not within the scope of the Copyright Act, state legislation of such matter does not conflict with legislation of Congress. Hence, constitutional preemption should be avoided.

Misappropriation survives § 301 preemption because misappropriation may cover material outside the scope of the Copyright Act and may yield rights different from those given by the Copyright Act. First, misappropriation may cover factual information, which is outside the scope of the Copyright Act. In \textit{Feist}, the Supreme Court expressly mentioned that there may be times when unfair competition law will cover material not within the scope of the Copyright Act, and that such an instance may be for "unfair appropriation."\footnote{Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 350 (1991).}

Second, misappropriation may cover "use" of a plaintiff's material for the defendant's commercial advantage in direct competition with the plaintiff. This "use" may not infringe a Copyright Act right because a person may "use" copyrightable material without abridging any of the § 106 rights given by the Copyright Act. The \textit{Rand McNally} court held that such "use" is easily distinguishable from Copyright Act rights and should thus avoid preemption.\footnote{Rand McNally & Co. v. Fleet Management Sys., Inc., 591 F. Supp. 726, 739 (N.D. Ill. 1983).} In \textit{Mayer}, the court held that misappropriation for such "use" of factual material contained in a copyrightable medium is not preempted.\footnote{Mayer v. Josiah Wedgewood & Sons, Ltd., 601 F. Supp. 1523, 1534 (S.D.N.Y. 1985).}

Congress has also expressly carved out a "hot news" exception to preemption. This "hot news" exception may mirror \textit{INS} "hot news" and contain the \textit{INS} "hot news" requirements. Alternatively, Congress has implied that "hot news" may exist under general principles of eq-
uity even if the INS criteria is not met.\footnote{See H.R. Rep. No. 94-1476 (1976), at 132, \textit{reprinted in} 1976 U.S.C.C.A.N. 5659, 5748.} An example of this may be \textit{United States Sporting Products, Inc. v. Johnny Stewart Game Calls, Inc.}\footnote{865 S.W.2d 214 (Tex. App. 1993, writ denied).}

In summary, misappropriation survives both constitutional and § 301 preemption because: (i) federal law is silent on regulation of factual material outside of the scope of the Copyright Act and this silence may be interpreted as freedom for the states to regulate such information; (ii) misappropriation covers material outside the scope of the Copyright Act and may confer rights different from those of the Copyright Act; and (iii) the “hot news” exception is alive.

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