

CONDEMNED TO REPEAT THE PAST:
THE REEMERGENCE OF MISAPPROPRIATION AND
OTHER COMMON LAW THEORIES OF PROTECTION
FOR INTELLECTUAL PROPERTY

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I. INTRODUCTION

A year ago, the *Washington Post*, CNN, and four other prominent media organizations discovered that news reports they gathered, prepared, and presented to the public at great expense were being pirated. An entity known as Total News — which independently gathered no news — had created a World Wide Web site that provided one-click access to the content of websites created and maintained by well-known news organizations, including the *Washington Post* and CNN. When accessed through Total News' site, however, these other

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popular sites had to be viewed through a Total News frame, which divided a user's computer screen into sections that featured banner advertisements for Total News advertisers at the bottom and a vertical row of hot links to still other news sites on the side. Although the Total News site incorporated verbatim the content of news reports published by others, Total News claimed, inter alia, that because it did not cache, or otherwise create any "copies" of the copyrighted material posted by the news organizations on their respective sites, none of the exclusive rights enjoyed by the *Washington Post* and others under section 106 of the Copyright Act¹ — protections against reproduction, adaptation, publication, performance and display — had been violated. The news publishers disagreed, contending that, either on a direct or a contributory basis, Total News was infringing several of those rights.²

The possibility that copyright protection might not be available under these circumstances was widely discussed in the legal and popular press, as was the plaintiffs' assertion of a common law misappropriation claim in addition to federal copyright claims.³ Since the enactment of the 1976 Copyright Act, with its broad preemption provisions,⁴ most had regarded misappropriation as a theory of liability that had lost its vitality. At the beginning of the 1995-96 basketball season, however, the National Basketball Association ("NBA") sued to enjoin unauthorized dissemination of play-by-play information from NBA games in progress, asserting not only an array of statutory claims but also a common law claim for misappropriation.⁵ Although the Court of Appeals for the

1. 17 U.S.C. § 106 (1994).

2. See Complaint at paras. 67-73, *Washington Post Co. v. Total News, Inc.*, No. 97 Civ. 1190 (S.D.N.Y. filed Feb. 20, 1997) [*"Total News"*], available at Law Journal Extra!, *Washington Post v. Total News* (visited Feb. 25, 1998) <<http://www.ljx.com/internet/complain.html>>. The author represented the plaintiffs in this action.

3. See, e.g., Edward A. Cavazos & Coe F. Miles, *Copyright on the WWW: Linking and Liability*, in TENTH ANNUAL COMPUTER LAW CONFERENCE: COMMUNICATING AND CONDUCTING BUSINESS ONLINE, at Tab 1 (Univ. of Texas Sch. of Law ed., 1997); Richard Colbey, *Whose News Is It Anyway*, GUARDIAN, Mar. 27, 1997, at 16; *Legal Situation Is Confused on Web Content Protections*, N.Y. TIMES, June 9, 1997, at D5; *News Publishers Sue Over Web Site 'Framing'*, NAT'L L.J., Mar. 10, 1997, at B2; Mark Sableman, *Business on the Internet, Part II: Liability Issues*, 53 J. MO. B. 223, 225 (1997).

4. Rights equivalent to copyright under common law or state statutes are preempted by the Copyright Act, but causes of action that are not within the subject matter of copyright or are not equivalent to any of the exclusive rights "within the general scope of copyright as specified by section 106" are not preempted. 17 U.S.C. § 301(b)(3) (1994).

5. See *NBA v. Sports Team Analysis & Tracking Sys., Inc.*, 931 F. Supp. 1124,

Second Circuit eventually rejected the NBA's misappropriation claim, it carefully preserved common law claims for misappropriation of "hot news," holding that such claims were not preempted by the Copyright Act.⁶ Instead of adopting the preemption and First Amendment defenses urged by Motorola and Sports Team Analysis and Tracking ("STATS"), the defendants in that case, the court articulated a multi-factor test capable of providing significant protection to content owners in future cases.⁷ The *Total News* plaintiffs took advantage of that opinion by pleading misappropriation in a way that incorporated and mirrored the Second Circuit's test.⁸

Somewhat lost in the flurry of articles generated by the *Total News* and *NBA* lawsuits is the fact that, viewed in historical context, these two cases are not aberrations. The common law has emerged as a source of protection for intellectual property rights throughout this century whenever statutory protection for new forms of media were still evolving. This phenomenon results from the relationship between communication technologies, which are dynamic and often difficult to anticipate, and statutes, which traditionally have been adopted only in reaction to such changes. This article traces this historical cycle throughout the twentieth century in order to highlight that, in cases in which statutory protection may not readily apply to new technologies, intellectual property owners have repeatedly and successfully resorted to common law theories for legal solutions to new problems. This article maintains that this cycle will continue and perhaps accelerate. Moreover, the applicability of the common law to new technological intellectual property disputes is not limited to the tort of misappropriation. Litigants in the online world have resorted to a variety of common law claims to address problems such as junk e-mail and hacking. Future advances, even in such commonplace technologies as television, are equally likely to result in the assertion of other common law theories.

This pattern at first seems odd, particularly considering that the technological advancements that spawn new communicative endeavors also create a strong desire to organize such endeavors within a comprehensive legislative framework.⁹ On reflection, however, the immediate

amended by, 939 F. Supp. 1071 (S.D.N.Y. 1996), *aff'd in part and vacated in part on other grounds sub nom. NBA v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997).

6. See *id.*, 105 F.3d at 845.

7. See *id.*

8. See Complaint at paras. 38-43, *Total News*.

9. See, e.g., STAFF OF COMM. ON THE JUDICIARY, REPORT ON COPYRIGHT AMENDMENTS ACT OF 1990, H.R. REP. NO. 101-735 (1990), reprinted in 1990 U.S.C.C.A.N. 6935; INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL

resort to common law theories is understandable. Although it is true that the myriad scenarios resulting from developing technologies spur proposed legislative solutions,¹⁰ that process, in itself, poses two problems. First, it takes time to get legislation enacted. Second, even the most forward-looking statute cannot anticipate all technological controversies.¹¹ As a result, statutes have a way of lagging behind real life. This lag sometimes leaves litigants in a bind, particularly owners of intellectual property rights who may believe their rights have been violated in a manner not explicitly addressed by statutory schemes.

Common law, on the other hand, is more adaptable. A court presented with a novel set of facts can review prior case law, analyze new factual situations, and, reasoning from past precedent, apply existing legal principles to fashion a new rule governing the heretofore unanticipated set of facts facing the court. This was demonstrated repeatedly throughout the twentieth century when new technologies, or new uses of existing technologies, generated novel intellectual property disputes.¹² When entities that had invested heavily to create commer

PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 211 (1995) [hereinafter WHITE PAPER]; see also *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 430 (1984) ("From its beginning, the law of Copyright has developed in response to significant changes in technology.") (emphasis added).

10. See, e.g., *Sony*, 464 U.S. at 430-31 ("Repeatedly, as new developments have occurred in this country, it has been the Congress that has fashioned the new rules that new technology has made necessary.")

11. "[T]echnology has a habit of outstripping even the most flexible statutes." H.R. REP. NO. 101-735, at 7, reprinted in 1990 U.S.C.C.A.N. 6935, 6938; cf. WHITE PAPER, *supra* note 9, at 211 ("It is difficult for intellectual property laws to keep pace with technology . . . when technology gets too far ahead of the law . . . it becomes difficult and awkward to adapt the specific statutory provisions to comport with the law's principles.")

12. See, e.g., *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151 (1975) (holding that fast food shop that played music from radio broadcasts over its speakers did not violate performance right because it was merely a passive recipient); *White-Smith Music Publ'g Co. v. Apollo Co.*, 209 U.S. 1 (1908) (holding that perforated music rolls for player pianos did not infringe copyright because they were not copies of sheet music). These cases also illustrate a related pattern: the resolution of a novel intellectual property dispute in one fashion in the courts, followed by a legislative overruling. The 1976 and 1909 versions of the Copyright Act each contained provisions that reversed the holdings in these cases. See P.L. 94-553, § 110(5), 90 Stat. 2541, 2550 (1976) (expressly carving out of section 110's exemptions for certain non-infringing performances and displays any transmissions that are received and "further transmitted to the public"); *id.* § 102(a), 90 Stat. at 2544-45 (providing copyright protection for works "fixed in any tangible medium . . . from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device")

cially valuable assets felt threatened by those who tried to piggyback on the public's fascination with a product or service not fully protected by intellectual property law, they relied on common law theories, often misappropriation, to protect their interests.

This approach is not without drawbacks. While statutory rules are intended for broad applicability, decisions applying the common law are narrow and frequently apply only to their specific facts. Thus, subsequent disputes over analogous facts may not yield similar results. Further, common law claims have the additional shortcoming of being state-specific, leaving a winning party to wonder if the vindication of its rights will apply in other jurisdictions.¹³ For example, the tort of misappropriation, discussed at length in this article, exists as a well-developed theory only in one state, New York.¹⁴ For both of these reasons, subsequent litigants in related, but non-identical, circumstances may not know where they stand. In fact, it was these types of shortcomings that led to the desire for a uniform, comprehensive system of federal copyright law and which led to the inclusion of a clause in the current Copyright Act that preempts state causes of action that are "equivalent" to the exclusive rights set forth in section 106 of the Act.¹⁵

Legal commentators and others are having a field day debating the adequacy of current statutory intellectual property protections for new media and pondering fundamental questions about new and old rights in

(emphasis added); Copyright Act of 1909, 60th Cong., 2d Sess., Chap. 320 § 1(e) (reserving to authors of musical compositions the exclusive right to "make any arrangement or setting of [the work] in any system of notation or any form of record in which the thought of an author may be recorded and from which it may be read or reproduced"); H.R. REP. NO. 2222, at 8-9 (1908) (discussing protection for piano rolls, quoting *White-Smith's* statement that the rolls are not copies under the Act and stating that it was Congress' intent in passing the 1909 Act to give composers control over reproduction of their protected works in this medium).

13. Cf. WHITE PAPER, *supra* note 9, at 79-80 (noting potential inconsistencies in interpretation of contractual provisions notwithstanding the existence of the Uniform Commercial Code).

14. The authority of *International News Service v. Associated Press*, 248 U.S. 215 (1918) ["*INS*"], discussed *infra*, has been chipped away by various courts over the years. See, e.g., *Intermountain Broad. & Television Corp. v. Idaho Microwave, Inc.*, 196 F. Supp. 315, 322-24 (D. Idaho 1961) (discussing *INS* and responses to it by state courts and commentators).

15. 17 U.S.C. § 301(a) (1994). See also H.R. REP. NO. 94-1476 (1976), *reprinted* in 1976 U.S.C.C.A.N. 5659, (making clear that Congress' intention in passing the 1976 Act (including section 301) was that: (i) works falling within the Act's subject matter categories were to be protected by federal law only and were not to be protected under state law, and (ii) works within these categories that lacked sufficient originality were to go without protection).

the digital domain.¹⁶ This article does not take a position on what the ultimate result of this debate should be, but given this exacting scrutiny and the conflicting policy goals at issue, a rapid legislative solution to these questions seems unlikely.¹⁷ While the debate continues, intellectual property owners who believe that their rights are inadequately protected under a given statutory scheme are likely to articulate a common law basis for protection.

Part II of this article illustrates this point by tracing the history in this century of the application of common law theories to disputes arising out of new technologies. Part III analyzes more recent examples arising out of several technology-related cases, and Part IV describes what may be the next wave of such litigation arising out of Internet-related disputes. This article concludes that to the extent existing statutory provisions do not expressly provide for the resolution of these new Internet-based intellectual property disputes, owners of Internet-related assets will continue to turn to common law theories to vindicate their rights.

II. THE HISTORICAL APPLICATION OF THE COMMON LAW TO DISPUTES TRIGGERED BY NEW TECHNOLOGIES

Resort to common law theories for protection of developing technologies is not a new phenomenon, but has occurred throughout the twentieth century at times when technology outpaced the development of the law. The common law theory most often applied in these disputes has been the tort of misappropriation, the basis for the Supreme Court's decision in *International News Service v. Associated Press* ("INS").¹⁸

16. See, e.g., Fred H. Cate, *The Technological Transformation of Copyright Law*, 81 IOWA L. REV. 1395, 1416-21, 1458 (1996); Cavazos & Miles, *supra* note 3, at 6-20 (arguing, *inter alia* that linking and framing on the World Wide Web are not copyright infringement); Mark A. Lemley, *Dealing With Overlapping Copyrights on the Internet*, 22 DAYTON L. REV. 548 (1997) (maintaining that application of the exclusive rights provided under copyright law to the Internet has resulted in an overexpansion of copyright protection); Note, *Nothing But Internet*, 110 HARV. L. REV. 1143 (1997) (criticizing use of misappropriation doctrine in intellectual property disputes).

17. See *Most Information Age Legislation Troubled by Lack of Consensus*, Hill Sources Say, 2 Electronic Info. Pol'y & L. Rep. (BNA) 1068 (Oct. 17, 1997) (noting, *inter alia*, that six bills that would amend the Copyright Act with regard to digital communication are pending in Congress and that there is a lack of consensus on these bills).

18. 248 U.S. 215 (1918).

INS was decided at a time when long-distance telephone and teletype services were gaining widespread commercial use in the news business.¹⁹ American press associations in the early 1900s prided themselves on rapid and impartial collection of news gathered from remote locations and used a variety of technologies to disseminate their bulletins.²⁰ By 1914, one of the major stories of the day was the war in Europe,²¹ carried with the aid of the Atlantic Cable between New York and London.

Not all press associations, however, had access to the transatlantic cables. In particular, International News Service ("INS") had been banned by the "Allies . . . [from using] their cables and thus [getting] news readily in the countries of Europe."²² INS thus resorted to copying news updates on World War I (and other events) from Associated Press ("AP") bulletin boards on the East Coast and selling and transmitting them, either verbatim or as rewrites, to West Coast newspapers via telephone or telegraph.²³ AP sued INS and obtained injunctive relief prohibiting such copying.²⁴

Although the Supreme Court ultimately held that the content of the news dispatches was itself not copyrightable,²⁵ it nonetheless enjoined the practice because a valuable aspect of AP's product was being misappropriated by its competitor:

19. The discovery of a vacuum tube to amplify telephone voice signals circa 1915 made cross-country telephone calls possible. Also around that time, teletypewriters were replacing manual telegraphy in telegraph company operations. See BRUCE WETTERAU, *THE NEW YORK PUBLIC LIBRARY BOOK OF CHRONOLOGIES* 215 (1990).

20. See MICHAEL EMERY & EDWIN EMERY, *THE PRESS AND AMERICA: AN INTERPRETIVE HISTORY OF THE MASS MEDIA* 243 (7th ed. 1992) ("The right of the people to know' was greatly advanced by the creation of news agencies that utilized journalistic skills and modern communications techniques to find the news, to report it impartially, and to speed it to every corner of the country and every part of the world.").

21. See *id.* at 181.

22. *Associated Press v. International News Serv.*, 240 F. 983, 986-87 (S.D.N.Y. 1917).

23. See *INS*, 248 U.S. at 231. Shortly after the turn of the century, AP, founded in New York in 1848, faced stiff competition from United Press Association, founded by Edward Wyllis Scripps in 1907, and INS, founded in 1909 by William Randolph Hearst. See EMERY & EMERY, *supra* note 20, at 181, 243, 247. AP was reorganized as a nonprofit membership association with national reach in 1900, although until 1915 it insisted that its member papers not carry reports from other news services. See *id.* at 243-45.

24. See *INS*, 248 U.S. at 232.

25. The Court determined that the Copyright Act of 1909 protected the articles appearing in a newspaper, but reasoned that the raw news itself was "the history of the day," not entitled to copyright protection. *Id.* at 234.

[D]efendant [INS], by its very act, admits that it is taking material that has been acquired by complainant [AP] 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 . . . is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorized interference . . . 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.²⁶

Fifteen years later, at a time when the public's appetite for newsreels had made their producers desperate for content,²⁷ the exclusive right to film a sporting event also was protected on common law misappropriation grounds. In *Rudolph Mayer Pictures v. Pathe News*,²⁸ a company with exclusive rights to film a boxing match at Ebbets Field sued a company that created a newsreel by combining photographs of the event taken by its cameramen from the stadium and from the roof of an adjoining building.²⁹ The court found that the defendant had violated a property right and enjoined it from distributing the newsreel, a ruling that was upheld on appeal.³⁰

In the years following *Rudolph Mayer*, when network radio broadcasting became a popular entertainment medium,³¹ a series of cases

26. *Id.* at 239-40.

27. Newsreels reached their peak during the 1930s and 1940s, and about one-quarter of all newsreel space during peacetime was devoted to sports. See EMERY & EMERY, *supra* note 20, at 330.

28. 255 N.Y.S. 1016 (App. Div. 1932). There was no written decision in *Rudolph Mayer*, but the facts were described in a subsequent case in which Madison Square Garden successfully sued the makers of a film called "Idol of the Crowds" for misappropriation. See *Madison Square Garden Corp. v. Universal Pictures Co.*, 7 N.Y.S.2d 845, 851 (App. Div. 1938). The court in *Madison Square Garden* found the plaintiff's licensing of genuine photographs from the Garden was "created by the expenditure on plaintiff's part of large sums of money and of effort and skill in the management of its enterprise." *Id.* at 850.

29. See *Madison Square Garden*, 7 N.Y.S.2d at 851.

30. See *id.*

31. In 1926, the Radio Corporation of America ("RCA") announced the formation of the National Broadcasting Company ("NBC"), which had two networks (one Red, one Blue, based on the colors of early network charts). "The day has gone by when the radio receiving set is a plaything," crowed a full-page announcement by RCA for the new

arose involving exclusive broadcasts of spectator sports. In *Twentieth Century Sporting Club, Inc. v. Transradio Press Service, Inc.*,³² the promoter of a boxing match at Yankee Stadium that had granted exclusive radio broadcast rights to the National Broadcasting Company ("NBC"), sued an organization that, by listening to the authorized broadcast and posting spotters outside the stadium, proposed to furnish other radio stations with detailed descriptions of the fight while it was in progress.³³ Relying on *INS*, the court enjoined the defendant on misappropriation grounds: "By appropriating or utilizing the whole or the substance of the plaintiffs' broadcast the defendants would be enabled to derive profits from the exhibition without having expended any time, labor, and money for the presentation of such exhibition."³⁴ Similarly, in *Mutual Broadcasting System v. Muzak Corp.*,³⁵ the court issued an injunction against a defendant who intercepted radio signals from WOR's broadcasts of the 1941 World Series games between the New York Yankees and the Brooklyn Dodgers and retransmitted them — without alteration — over telephone lines to paying customers.³⁶

Shortly after *Twentieth Century*, the court in *Pittsburgh Athletic Co. v. KQV Broadcasting Co.*³⁷ enjoined a similar practice, even though the unauthorized descriptions were not derived in any way from the authorized broadcast. The owner of the Pittsburgh Pirates baseball club had granted exclusive radio play-by-play rights to Pirates games at Forbes Field to NBC and certain advertisers.³⁸ A rival radio station carried its own accounts, based on descriptions received from paid observers perched outside the stadium with a view of the playing field.³⁹ The court enjoined the practice, finding it constituted a "direct and

company: "It must now be an instrument of service." ERIK BARNOUW, *TUBE OF PLENTY* 55 (1990). NBC produced the first coast-to-coast broadcast of the Rose Bowl football game on January 1, 1927; by the next year, it was broadcasting regularly coast-to-coast. See EMERY & EMERY, *supra* note 20, at 274. Instability created by hundreds of stations ranging freely across the broadcast spectrum necessitated the creation of the Federal Radio Commission and, later, the Federal Communication Commission in 1934. See *id.* at 275.

32. 300 N.Y.S. 159 (Sup. Ct. 1937).

33. See *id.* at 160.

34. *Id.* at 161.

35. 30 N.Y.S.2d 419 (Sup. Ct. N.Y. County 1941).

36. See *id.* at 420.

37. 24 F. Supp. 490 (W.D. Pa. 1938).

38. See *id.* at 492.

39. See *id.*

irreparable interference with, and an appropriation of, the plaintiffs' normal and legitimate business."⁴⁰

Misappropriation continued to play a role in the early days of network television broadcasting.⁴¹ *National Exhibition Co. v. Fass*⁴² involved a reporter who gathered accounts of New York Giants baseball games from telecasts (as well as radio reports) from the Polo Grounds and other stadiums and immediately transmitted his own version of the games to rival radio stations, via teletype, for a fee.⁴³ The defendant sent play-by-play descriptions within seconds or minutes of their occurrence during fifty-nine Giants games in 1953 and twenty games in 1954, as well as hundreds of games involving other teams.⁴⁴ Enjoining the practice, the court held that these actions "jeopardized the value and marketability" of the Giants owner's major source of revenue, the sale of broadcasting rights.⁴⁵

The same rationale was applied in extending the common law theory of unfair competition when advances in sound recording improved the environment for bootleg records.⁴⁶ In *Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp.*,⁴⁷ Columbia Records sued to protect its exclusive right to make and sell phonograph records of Metropolitan

40. *Id.* at 494.

41. National television networks blossomed in the 1950s when stations were joined by coaxial cable and radio relay, and cameras were equipped with videotape. See BARNOUW, *supra* note 31, at 151; see also ROBERT L. HILLIARD & MICHAEL C. KEITH, *THE BROADCAST CENTURY* 122, 153 (1992).

42. 143 N.Y.S.2d 767 (Sup. Ct. 1955).

43. *See id.* at 767.

44. *See id.* at 774-75.

45. *Id.* at 776.

46. High quality sound recording became more common with the commercial availability of magnetic tape recording, the vinyl microgroove record, and the stereophonic reproduction of sound after 1945. See ANDRE MILLARD, *AMERICA ON RECORD: A HISTORY OF RECORDED SOUND* 199 (1995). The development of electrical recording vastly improved recording of, among other things, large symphony orchestras. *See id.* CBS and RCA both attempted to set the technological standards for commercial long-playing records on vinyl, generating the "record wars" of the late 1940s and early 1950s. *See id.* at 207. During the same period, disc recorders that used the same recording technology that was used in recording studios could be purchased, and "[f]or the first time it was possible to record sound in the home with comparative ease." *Id.* at 210. Attempts to create similar business ventures with later technology have also failed. *See Elektra Records Co. v. Gem Elec. Distribs., Inc.*, 360 F. Supp. 821, 823 n.5 (E.D.N.Y. 1973) (enjoining preliminarily the Make-A-Tape system, under which defendant invited customers to its retail stores to make copies of popular sound recordings on 8-track blank tapes "for half the cost of the original").

47. 101 N.Y.S.2d 483 (Sup. Ct. 1950), *aff'd*, 107 N.Y.S.2d 795 (App. Div. 1951) (per curiam).

Opera performances. A rival record manufacturer produced and sold recordings made from radio broadcasts of the operas, which were exclusively contracted to American Broadcasting during the 1949-50 season.⁴⁸ The court felt compelled to extend the common law theory of unfair competition beyond its initial form of "palming off," or falsely selling one's goods as those of another:

With the passage of those simple and halcyon days when the chief business malpractice was "palming off" and with the development of more complex business relationships and, unfortunately, malpractices, many courts, including the courts of this state, extended the doctrine of unfair competition beyond the cases of "palming off." The extension resulted in the granting of relief in cases when there was no fraud on the public, but only a misappropriation for the commercial advantage of one person of a benefit or "property right" belonging to another.⁴⁹

The court characterized the need to apply an unfair competition theory to enjoin such "piratical conduct" as a practical necessity.⁵⁰ The court observed: "As has been stated before, the doctrine is a broad and flexible one. It has allowed the courts to keep pace with constantly changing technological and economic aspects so as to reach just and realistic results."⁵¹

In each of these cases, intellectual property owners were threatened by third-party efforts to exploit loopholes in existing intellectual property laws. Because neither state nor federal statutory schemes had been enacted to deal with such contingencies, plaintiffs were forced to plead novel common law theories in the interim. The courts, in applying common law theories to these situations, both discouraged future piratical conduct as well as protected the individual rights at issue.

48. *See id.* at 487.

49. *Id.* at 489.

50. *Id.* at 492.

51. *Id.* at 495.

III. RECENT MISAPPROPRIATION CLAIMS: THE SPORTS LEAGUE CASES

No statutory cause of action was available to the plaintiffs in the preceding cases. Although subsequent revisions to, and expansions of, the federal copyright and trademark⁵² laws in the last twenty years would change that result in at least two of the cases,⁵³ in the final years of this century, intellectual property plaintiffs now litigating disputes in the digital domain⁵⁴ continue to rely on state law theories to resolve ownership issues, despite the existence of more comprehensive statutory protection. A few recent cases illustrate this point.

In the fall of 1995, STATS and SportsLine USA began operating a lucrative⁵⁵ site on the World Wide Web that offered unauthorized, play-by-play descriptions of National Football League ("NFL") games while they were in progress, using spotters to watch live television broadcasts of the games and simultaneously to transmit textual information about each play electronically to the website in order to create their own virtual broadcasts.⁵⁶ In October 1995, the NFL sued STATS and SportsLine

52. The recent adoption of the Federal Trademark Dilution Act, P.L. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C.A. §§ 1125, 1127), would seem applicable to facts such as those presented in several of the early broadcasting cases. Trademark dilution occurs when there is a "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C.A. § 1127 (1997).

53. For example, although prior to 1971, the sound recordings such as those at issue in *Metropolitan Opera* were protectable only under state law, they now are within the scope of federal copyright law. See 17 U.S.C. § 102(a)(7) (1994). Similarly, the unauthorized retransmission of radio broadcasts at issue in *Mutual Broadcasting* now falls within the scope of 17 U.S.C. § 111 (1994).

54. The digital domain encompasses all digitized media, including the Internet, online services, CD-ROMs, and other mass media packaged or transmitted in digital form. Digital information is text, images, sound, or code that has been converted into a series of ones and zeros and can be read by computers and/or transmitted over telephone lines or computer networks, like the Internet. See Timothy F. Bliss, *Recent Development: Computer Bulletin Boards and the Green Paper*, 2 J. INTELL. PROP. L. 537, 538 n.7 (1995) (citing Teresa Riordan, *Writing Copyright for an Information Age*, N.Y. TIMES, July 7, 1994, at D1).

55. In March 1997, CBS bought a 22% stake in SportsLine USA, valued at \$100 million, in exchange for advertising, promotion, and programming over five years. See Steve Lohr, *The Old-Media Dinosaurs Seem to Be Having a Rebirth*, N.Y. TIMES, Mar. 10, 1997, at D5.

56. See Complaint, NFL v. Sports Team Analysis & Tracking Sys., Inc. (S.D.N.Y. filed Oct. 10, 1995) (No. 95 Civ. 8547). The author represented the plaintiffs in this action.

USA⁵⁷, arguing, *inter alia*, that their activities constituted unfair competition and misappropriation of the NFL's most valuable commercial property: the exclusive right to license live accounts of NFL games. Almost immediately after the action was commenced, the parties began a series of negotiations culminating in a settlement under which the defendants ceased their virtual broadcasts.⁵⁸

In March 1996, STATS was sued again, this time by the NBA, for distributing, in association with Motorola, a hand-held device that utilized pager technology to display key information about NBA games in progress.⁵⁹ The device, called SportsTrax, could be used to follow the score of an NBA game on a basket-by-basket basis, showing time remaining, fouls, and similar information in real time. According to the defendants, their virtual broadcasts placed "exciting basketball action in the palm of your hand."⁶⁰ The NBA sought to enjoin, as a misappropriation of its valuable, exclusive rights to broadcast NBA games, both the pager transmissions and the even more frequent updates available on America Online ("AOL").⁶¹ The NBA asserted causes of action based on common law misappropriation, as well as statutory claims for copyright infringement, false advertising, trademark infringement, and unfair competition under the Lanham Act.⁶²

As for the copyright claim, the district court ruled that an NBA game did not fall within the subject matter of copyright protection.⁶³ Relying on the misappropriation cases noted above, however, particularly *INS*, the district court granted injunctive relief, holding that

57. *Id.*

58. See MICHAEL J. COZZILLO & MARK S. LEVINSTEIN, *SPORTS LAW: CASES AND MATERIALS* 990-91 (1997). STATS subsequently obtained licenses to distribute certain "real-time" game information and to use NFL trademarks and logos as an authorized NFL statistics distributor.

59. See *NBA v. Sports Team Analysis & Tracking Sys., Inc.*, 931 F. Supp. 1124 (S.D.N.Y. 1996), amended by 939 F. Supp. 1071 (S.D.N.Y. 1996), *aff'd in part and vacated in part on other grounds sub nom. NBA v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997). The National Football League, the Office of the Commissioner of Baseball, and the National Hockey League submitted briefs both to the district court and to the Second Circuit as amici curiae in favor of the NBA's position. The author represented these amici.

60. *NBA*, 939 F. Supp. at 1080.

61. See *id.* at 1074-75.

62. See *id.* at 1085-86.

63. See *id.* at 1088-93. Although the SportsTrax devices received their information from paid observers who watched the games on television outside the arena and entered statistical information into a computer for retransmission, the court found this was not the equivalent of reproducing actual excerpts of the televised broadcasts of NBA games. See *id.* at 1094.

defendants had not contributed in any manner, directly or indirectly, to the commercial value of the NBA games, which the NBA had created through substantial efforts over a number of years.⁶⁴ The defendants were found to have reaped unearned profits from the NBA's "most valued asset — real-time NBA game information."⁶⁵ The court concluded that the quantity and contemporaneous nature of the information on SportsTrax and the AOL site were sufficient to constitute commercial misappropriation, even though they did not threaten to replace the television broadcasts.⁶⁶ The court stated: "By disseminating to fans the changing scores and leads and other information on a real-time basis, defendants have appropriated the essence of NBA's most valuable property — the excitement and entertainment of a game in progress."⁶⁷

On appeal, the Second Circuit first declared as settled law that a claim for commercial misappropriation within the general scope of copyright survives preemption if it has an "extra element" in addition to the acts of reproduction, performance, distribution, or display.⁶⁸ Quoting the House Report, the Second Circuit stated:

"Misappropriation" is not necessarily synonymous with copyright infringement, and thus a cause of action labeled as "misappropriation" is not preempted if it is in fact based neither on a right within the general scope of copyright 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 [INS], or in

64. *See id.* at 1098-1107.

65. *Id.* at 1105.

66. *See id.* at 1106. The court also expressly found that defendants relied not only on the images and sound of the broadcast, but also on the statistical graphics produced by the NBA through its own statistical service called Gamestats. *See id.* at 1107. Gamestats did not feed information directly to devices outside the arena, but was used only for the game broadcasts. *See id.* The court found SportsTrax was dependent on Gamestats to the extent that the SportsTrax reporters relied upon graphic displays of Gamestats statistics and announcer commentary on those statistics during the broadcast. *See id.*

67. *Id.* at 1106.

68. *See NBA*, 105 F.3d at 850 (quoting *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693, 717 (2d Cir. 1992)).

the newer form of data updates from scientific, business, or financial data bases.⁶⁹

Based on this legislative guidance, the court acknowledged that the time-sensitive value of "hot" news provides the requisite extra element and set forth the following multi-part test for a misappropriation claim that survives preemption: (i) the plaintiff generates or collects information at some cost or expense; (ii) the value of the information is highly time-sensitive; (iii) the defendant's use of the information constitutes free-riding on the plaintiff's costly efforts to generate or collect it; (iv) the defendant's use of the information is in direct competition with a product or service offered by the plaintiff; and (v) the ability of other parties to free-ride on the efforts of the plaintiff would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.⁷⁰ Although the NBA had proven most of these elements, the court held that the "direct competition" element was not satisfied, since "there [was] no evidence that anyone regards SportsTrax or the AOL site as a substitute for attending NBA games or watching them on television."⁷¹ Further, the court held that because the STATS service did not take information from the NBA's

69. *Id.* (quoting H.R. REP. NO. 94-1476, at 132 (1976), reprinted in 1976 U.S.C.A.N. 5659, 5748 (footnote omitted)); cf. *Financial Info., Inc. v. Moody's Investors Serv., Inc.*, 808 F.2d 204, 209 (2d Cir. 1986) ("[M]isappropriation' of 'hot' news, under [INS], [is] a branch of the unfair competition doctrine not preempted by the Copyright Act according to the House Report.") (citations omitted).

70. See *id.* at 852. Although they are somewhat in flux today, see discussion *infra* Part IV, the elements of the tort of misappropriation in the Supreme Court's *INS* opinion appear to have been the following: (i) a taking by defendant with little or no cost or effort, (ii) of material acquired by plaintiff through organization or through expenditure of labor, skill, or money, (iii) resulting in diversion of a material portion of plaintiff's economic gain from plaintiff to defendant. See *INS*, 248 U.S. at 239-40. Another formulation states the three elements as follows: (i) the plaintiff has made a substantial investment of time, effort, and money into creating the thing misappropriated such that the court can characterize that thing as a kind of property right; (ii) the defendant has appropriated the thing at little or no cost, such that the court can characterize the defendant's actions as "reaping where it has not sown"; and (iii) the defendant has injured the plaintiff by the misappropriation. See *American Economy Ins. Co. v. Reboans, Inc.*, 852 F. Supp. 875, 879 (N.D. Cal. 1994), *subsequent opinion*, 900 F. Supp. 1246 (N.D. Cal. 1995); *Lebas Fashion Imports of USA, Inc. v. ITT Hartford Ins. Group*, 59 Cal. Rptr. 2d 36, 43 (Ct. App. 1996); see also J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 10.25 (3d ed. 1992).

71. *Id.* at 853-54.

Gamestats service or an NBA pager, the NBA had not demonstrated that STATS was free-riding.⁷²

How the Second Circuit's new articulation of the misappropriation test will be applied in future cases remains unclear.⁷³ Particularly puzzling is the court's emphasis on the "factual" nature of what was taken from NBA games, its apparent belief that the rudimentary nature of the SportsTrax device rendered it an inadequate substitute for licensed information outlets, and its concern about the lack of direct competition and harm. When combined, these points bear more than a passing similarity to an analysis conducted under the second, third, and fourth prongs of the "fair use" defense to copyright infringement.⁷⁴ If the court intended to apply an ersatz fair use analysis, though, it is difficult to see how the delivery of NBA scores in real time qualifies as an example of a "transformative use," which the Second Circuit previously has said "is central to a proper" fair use analysis.⁷⁵ The absence of any substantive transformation of game information⁷⁶ would seem to leave the unautho-

72. See *id.* at 854. It is unclear how the Second Circuit reached this conclusion without addressing, let alone reversing as clearly erroneous, the specific findings of the district court that (i) SportsTrax provided an alternative to television broadcasts of NBA games without remuneration to the NBA, and (ii) SportsTrax and the AOL site "compete with, and indeed rely on, Gamestats." *NBA*, 939 F. Supp. at 1106-07.

73. Some have suggested it will crimp future applicability of the doctrine. For a discussion of this perspective, see Andrew L. Deutsch, *Copyright, Misappropriation and Hot-News Doctrine*, N.Y. L.J., Mar. 11, 1997, at 1. It is equally likely, however, that it will apply in a broad range of other factual scenarios, particularly in the Internet context. See discussion *infra* Part IV.

74. Section 107 of the Copyright Act provides that "the fair use of a copyrighted work . . . is not an infringement of copyright." 17 U.S.C. § 107 (1994). In making that determination, "the factors to be considered shall include . . . (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work." *Id.*

75. *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 923 (2d Cir. 1995); cf. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (holding that a use that does not "add[] something new, with a further purpose or different character, altering the first with new expression, meaning, or message" cannot qualify as a fair, transformative use). Furthermore, the "raw material" at issue in *NBA* was not in any way transformed into "new information . . . aesthetics . . . [or] insights and understandings." Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).

76. Although at least one commentator disagrees, see *Nothing But Internet*, *supra* note 16, at 1157 (arguing, inter alia, that "gathering and presenting scores in a way that allows online subscribers to assimilate them easily" is transformative), one does not "transform" material simply by shifting it to another medium. See *American Geophysical Union*, 60 F.3d at 923; *Storm Impact, Inc. v. Software of the Month Club*, No. 95 C 2154, 1997 U.S. Dist. LEXIS 13669, at *13-14 (N.D. Ill. Sept. 8, 1997).

rized transmissions inherently unfair and actionable under the equitable concepts on which both the misappropriation and fair use doctrines are based.

This apparent similarity between the new articulation of misappropriation doctrine and copyright fair use, in addition to the Second Circuit's somewhat strained factual conclusions,⁷⁷ has led not only to disagreement among legal commentators,⁷⁸ but also to incomplete or inaccurate readings of the court's opinion. For example, although the precise scope and contour of the misappropriation doctrine after *NBA* remain unclear, it is an overstatement, at best, to argue that "all challenges to the transmission of real-time sports information that arise under state law misappropriation doctrine" are preempted by section 301 of the Copyright Act.⁷⁹ In fact, this view baldly contradicts the holding of *NBA*, discussed above, in which the Second Circuit clearly described conditions under which a non-preempted misappropriation claim would be successful.⁸⁰ Indeed, the Second Circuit's conclusion that the requisite competition was not present in *NBA* seemed driven by the uniquely limited attributes of the SportsTrax device, which provided only rudimentary scores and other statistical updates.⁸¹ The more comprehensive the transmission, the more likely it would compete directly with licensed broadcasts.

It is also incorrect to argue that enjoining real-time transmissions of information under misappropriation would constitute an impermissible prior restraint under the First Amendment.⁸² On the contrary, both times it has been presented with the issue, the Supreme Court has emphasized that the First Amendment does not protect any right to misappropriate valuable commercial property, even if the property can be characterized

77. See *supra* note 72.

78. See *supra* note 3 and accompanying text; see also Fred Anthony Rowley, Jr., Note, *Dynamic Copyright Law: Its Problems and a Possible Solution*, 11 HARV. J.L. & TECH. 481 (1998).

79. *Nothing But Internet*, *supra* note 16, at 1144, 1151-54.

80. See *NBA*, 105 F.3d at 852-53 (setting out expressly the elements, beyond those of copyright infringement, that go into a non-preempted state misappropriation claim).

81. Moreover, even the Second Circuit anticipated the prospect of a successful misappropriation claim were the NBA to bring such a claim against a pager service that directly used the NBA's competitive pager service as the source of its information. See *NBA*, 105 F.3d at 854 (describing circumstances in which SportsTrax might be liable for misappropriation if it were found to be free riding on NBA's Gamestats service and threatening the economic viability of that service).

82. See *Nothing But Internet*, *supra* note 16 at 1144, 1155-60 (arguing that enjoining real-time transmissions of information under misappropriation would constitute an impermissible prior restraint under the First Amendment).

as speech.⁸³ Moreover, an injunction issued under the Second Circuit's new *NBA* test would impose no unlawful prior restraint on speech. The Supreme Court has made it clear: there is no prior restraint where the restraint is "without reference to the content of the regulated speech."⁸⁴

Future misappropriation claims based on facts resembling those present in *NBA* are, therefore, neither foreclosed by the Second Circuit's holding, nor barred by the First Amendment. To the extent that *NBA* places in flux the precise boundaries of the common law theory of misappropriation, it is a novel decision.⁸⁵ It is, however, unlikely to be the last judicial word on the subject. As illustrated below, resort to common law theories of intellectual property protection may well continue, if not accelerate, as digital communication technologies develop apace in the next few years.

IV. HOW THE INTERNET HAS GENERATED THE NEXT WAVE OF CASES

The Internet, first established in 1969 as an experimental government computer network, became a mainstream communications medium in the 1990s with the development of the World Wide Web.⁸⁶ Users

83. See *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 541 (1987) ("The mere fact that the [plaintiff] claims an expressive, as opposed to a purely commercial, purpose does not give it a First Amendment right to 'appropriat[e] to itself the harvest of those who have sown.'" (quoting *International News Service v. Associated Press*, 248 U.S. 215, 239-40 (1918)); *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562, 574-75 (1977). Even in the more classic free speech cases involving pornographic materials, courts have held that an injunction is not an unconstitutional prior restraint where there is no "government censorship, but a private plaintiff's attempt to protect its property rights." *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979) (dilution claims); *accord L.L. Bean, Inc. v. Drake Publ'g, Inc.*, 625 F. Supp. 1531, 1537-38 (D. Me.), *rev'd sub nom. L.L. Bean v. Drake Publishers, Inc.*, 811 F.2d 26, 31-32 (1st Cir. 1987) (reversing the district court's grant of injunction because the defendant's use of trademark was "a noncommercial parody," but agreeing that "the Constitution tolerates an incidental impact on rights of expression" when defendants make unauthorized commercial use of intellectual property).

84. *Madsen v. Women's Health Ctr., Inc.*, 512 U.S. 753, 763 (1994) (quoting *Ward v. Rock Against Racism*, 491 U.S. 781, 791 (1989)); *cf. Pro-Choice Network v. Schenk*, 67 F.3d 377, 386 (2d Cir. 1995), *aff'd in part and rev'd in part*, 117 S. Ct. 885 (1997).

85. There also remains the possibility that, given the significance and interest level in the case, either the Second Circuit will grant the *NBA*'s Petition for Rehearing with Suggestion for Rehearing En Banc (filed Feb. 13, 1997 and still pending as of February 1998) or the Supreme Court will grant certiorari.

86. See *ACLU v. Reno*, 929 F. Supp. 824, 830-38 (E.D. Pa. 1996), *aff'd sub nom.*

with easily acquired software may now copy, manipulate, distribute, and hyperlink⁸⁷ to information through a range of new Internet-related technologies. Most importantly, these technologies can be used, or misused, through a wide range of low-cost methods.⁸⁸ The market conditions are therefore ideal for anyone with a computer, a modem, the right software, and the same "entrepreneurial" spirit that characterized the defendants in the misappropriation cases of the 1930s through 1950s to capitalize on communications materials and networks created by others. This is particularly true given that the high consumer demand for content provides a significant incentive for such ventures.⁸⁹

A. The Total News Case

The complaint filed in *Washington Post v. Total News* describes a perfect example of how a low-cost entrant capitalized on the huge investments made by others to provide Internet content.⁹⁰ The *Washington Post*, CNN, Dow Jones, Time, Inc., Times Mirror, and Reuters sued Total News for operating a website that sold advertising space to third parties and offered, *inter alia*, one-click access to the editorial content of the plaintiffs' websites.⁹¹ By selecting one of the plaintiffs' sites, either from an index found on the Total News home page or from a series of icons appearing in a separate frame at the left-hand margin of that home

Reno v. ACLU, 117 S. Ct. 2329 (1997). The Web was originally developed at CERN, the European Particle Physics Laboratory, to allow researchers and engineers in different countries to share information and is now used by a staggering number of individuals, non-profit organizations, governments, and businesses. See *ACLU*, 929 F. Supp. at 836.

87. A link, or hyperlink, is highlighted text or graphics on a website that, when selected by a user, permits the viewing of another document or site without having to type in a new address. See *Digital Equip. Corp. v. AltaVista Tech., Inc.*, 960 F. Supp. 456, 460 n.6 (D. Mass. 1997).

88. See *ACLU*, 929 F. Supp. at 832-38; see also *id.* at 877 (noting that the Internet "presents very low barriers to entry" for both providers and users of information).

89. As more content becomes available directly to users through the Internet, online service providers have attempted to retain the same content for their network or provide unique content of their own. See *Caught in the Web*, PC/COMPUTING, June 1996, at 36; *Online Services to Battle with Internet*, NEW MEDIA AGE, Apr. 1996, at 11. The competition for prime content is embodied in the trade phrase "Content is King." See, e.g., *Why Content Is Not Crowned*, NEW MEDIA AGE, Aug. 15, 1996, at 6 (arguing that content providers must adapt traditional products for Internet users).

90. See Complaint at paras. 29-37, *Washington Post Co. v. Total News, Inc.* (S.D.N.Y. filed Feb. 20, 1997) (No. 97 Civ. 1190) ["Total News"], available at Law Journal Extra!, *Washington Post v. Total News* (visited Feb. 25, 1998) <<http://www.ljx.com/internet/complain.html>>.

91. See *id.*

page, users could access the content of the plaintiffs' sites via a hyperlink.⁹² Accessed in this manner, however, the view of the plaintiffs' sites was altered so that the plaintiffs' content appeared on the user's screen within the Total News "frame,"⁹³ which displayed the Total News Universal Resource Locator ("URL") as well as banner advertising⁹⁴ sold by Total News.⁹⁵

The *Total News* plaintiffs contended that this repackaging appropriated the commercial value of their "hot news"⁹⁶ websites for the defendant's own commercial advantage and characterized Total News, which provided "little or no content of [its] own,"⁹⁷ as operating a "parasitic website"⁹⁸ that is "the Internet equivalent of pirating copyrighted material from a variety of famous newspapers, magazines, or television news programs; packaging those stories to advertisers as part of a competitive publication or program . . . ; and pocketing the advertising revenue generated by their unauthorized use of that material."⁹⁹

Total News touched off a vigorous debate as to whether Total News' use of material created and owned by others, but freely accessible over the Internet, infringed one or more of the exclusive rights of copyright owners set forth in the Copyright Act.¹⁰⁰ Although it facilitated the

92. See *TotalNEWS* (visited Feb. 25, 1998) <<http://www.totalnews.com/>>.

93. Framing enables a website operator to display its own Universal Resource Locator ("URL"), advertising, logos, or promotional material along with the content of another, linked site by means of a window that occupies the outer margin of a browser screen. See *Digital Equip. Corp.*, 960 F. Supp. at 461 n.12.

94. Banner advertising on a website visually presents an "active link to Web-sites in which a product or service is advertised." *Id.* at 460 n.9.

95. See Complaint at para. 35, *Total News*.

96. Not only does Total News itself acknowledge that some of the plaintiffs' sites qualify as "breaking" news sites (it so describes them on its menu, see *TotalNEWS*, *supra* note 92), it is now recognized that the immediacy of online publication permits it to "scoop" traditional news outlets. See Elizabeth Weise, *Paper Scooped Itself on Web; Dallas Bomb Story Raises New Issues*, BERGEN RECORD, Mar. 2, 1997, at A18.

97. Complaint at para. 8, *Total News*.

98. *Id.*

99. *Id.* at para. 10. Although *Total News* appears to be the first lawsuit to plead the "hot news" misappropriation doctrine to a website that links to, and frames the content of, other sites for the purpose of selling advertising, a site that appeared to be linking and framing also triggered a Lanham Act-based unfair competition and trademark infringement suit. See *Digital Equip. Corp.*, 960 F. Supp. At 458-59. In that case, preliminary injunctive relief was issued against a website operator which had exceeded the scope of its limited license to use the mark "AltaVista" by modifying its site so that visitors "could easily have the impression that they were actually at Digital's AltaVista site." *Id.* at 461.

100. See 17 U.S.C. § 106(1)-(6) (1994) (reproduction, adaptation, publication,

viewing by end-users of content it did not own, Total News claimed never to have made a copy of that content. Had that been proven true, the plaintiffs' reproduction and distribution rights¹⁰¹ may not have been directly infringed by Total News under those cases interpreting the Copyright Act to require a defendant to have created infringing "copies."¹⁰²

The question of whether and when copies are made on the Internet, however, is one upon which much attention is currently focused. At least one court has held that when a work of authorship is loaded into the random access memory ("RAM") of a computer, as a web page must be to be viewed by an end-user, a copy of that work has been "fixed" for purposes of the Copyright Act.¹⁰³ Under that approach, an end-user who viewed the *Washington Post's* material through Total News' frame has a fixed copy of the *Washington Post's* work of authorship for the time that he or she views the page, and Total News could thus be liable for contributory infringement.¹⁰⁴ Some have argued, however, that browsing through the Web does not entail the type of fixation contemplated by the Act's definition of "copies."¹⁰⁵ As applied to this situation, precedent is even less clear concerning the other exclusive rights of copyright set forth in section 106 of the Act.¹⁰⁶

performance, and display); *supra* note 3 and accompanying text (citing and discussing commentary on *Total News* and copyright on the Internet).

101. See 17 U.S.C. § 106(1), (3).

102. "Copies" are defined as "material objects . . . in which a work is fixed." 17 U.S.C. § 101 (1994).

103. *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518 (9th Cir. 1993) (holding that the act of loading the plaintiff's program into RAM constituted the making of a copy for Copyright Act purposes); *Marobie-FL, Inc. v. National Ass'n of Fire Equip. Distribs.*, No. 96 C 2966, 1997 U.S. Dist. LEXIS 18764, at *27 (N.D. Ill. Nov. 13, 1997) ("[T]hat a copy is transmitted after it is created, does not change . . . that once an Internet user receives a copy, it is capable of being perceived and thus 'fixed.'").

104. Contributory infringement occurs when, "with knowledge of the infringing activity, [one] induces, causes or materially contributes to the infringing conduct of another." *Gershwin Publ'g Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1991).

105. See, e.g., James Boyle, *Intellectual Property Policy Online: A Young Person's Guide*, 10 HARV. J.L. & TECH. 47, 90-93 (1996).

106. Even without the creation of any infringing "copies," Total News' conduct could have triggered liability under the derivative works or display rights. See 17 U.S.C. § 106(2), (5) (1994). Fixation of the original is not necessary to create an infringing derivative work, see *Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 968 (9th Cir. 1992), although no court has yet held that the depiction of a work within a frame constitutes the recasting, transformation, or adaptation required by section 106(2). As for the display right, it seems difficult to argue that Total News did not "show" the copyrighted content of other websites by a "device" or "process." See 17 U.S.C. § 101

The *Total News* plaintiffs, however, did not rely solely, or even principally, on a copyright infringement theory. Instead, they led their complaint with a misappropriation cause of action (among other common law claims). They alleged, in language paralleling the Second Circuit's analysis in *NBA*, that:

Plaintiffs expend substantial resources to gather and display the news and information found on their websites. Much of that news and information is time-sensitive, and is frequently updated to reflect the very latest world and national developments. The website *washingtonpost.com*, for example, generally is updated more than 30 times a day. Defendants' advertiser-supported, "not news" website openly free-rides on Plaintiffs' efforts by simply lifting Plaintiffs' content wholesale and selling advertising based on proximity to that content. Defendants' service not only is competitive with, but in fact consists of, Plaintiffs' advertiser-supported hot news websites; Defendants even expressly hold out *totalnews.com* as a source of "breaking news." Defendants' free-riding substantially reduces Plaintiffs' economic incentive to expend the resources necessary to gather and display material on their own websites.¹⁰⁷

The validity of these assertions, though, was never ruled on. In June 1997, the *Total News* litigation settled on what one periodical described as "terms of surrender."¹⁰⁸ Total News agreed to refrain permanently from any direct or indirect framing of the plaintiffs' websites, including websites that the plaintiffs own or operate and many websites run by third parties that display the plaintiffs' content.¹⁰⁹ The plaintiffs agreed to let Total News continue linking to their sites, but this permission was extended pursuant to a royalty-free link license, and the only permissible

(1994) (defining "display," "device," and "process"); 17 U.S.C. § 106(5) (1994) (granting to a copyright owner the exclusive right to display the copyrighted work publicly).

107. Complaint at para. 39, *Total News*.

108. Electronic Info. Pol'y & L. Rep. (BNA) 612 (June 13, 1997).

109. See Settlement Agreement, *Total News*, available at Law Journal Extra!, *Law of the Internet* (visited Feb. 25, 1998) <<http://www.ljx.com/internet/totalse.html>>.

link under the agreement is a no-frames hypertext link activated by a non-graphic, text-only reference to the applicable URL.¹¹⁰

The settlement took the form of a court-ordered stipulation, so its terms are enforceable by contempt sanctions. Dow Jones, one of the plaintiffs, commented:

[The agreement] will help the Web grow by encouraging linking while enforcing the principle that intellectual property rights will be respected in cyberspace. To keep investing millions in making Web content available for free or at low cost, the companies who brought this suit need to know that Web users will see our content the way we meant for it to be seen.¹¹¹

B. The Cyber Promotions Cases

As *Total News* illustrates, the common law theory of misappropriation continues to be applicable to cases involving online and other services that can function as communications and entertainment media. It is not, however, the only state law cause of action recently used to protect such assets. In *CompuServe, Inc. v. Cyber Promotions, Inc.*,¹¹² CompuServe successfully resurrected the common law tort of trespass to chattels when it sued Cyber Promotions, a company that sent unsolicited e-mail advertisements to, among others, thousands of CompuServe subscribers who presumably did not care to receive them.¹¹³ Cyber Promotions repeatedly ignored CompuServe's written demands to cease sending such junk e-mail, which was generating approximately fifty customer complaints to CompuServe each day as of November 1996.¹¹⁴ Further, in response to CompuServe's efforts to screen out such messages through filtering software, Cyber Promotions falsified the point-of-origin information contained in the headers of its

110. See *id.*

111. *Total News Inc.; Deal Reached in Copyright Suit over Web Sites*, CHI. TRIB., June 6, 1997, at 2.

112. 962 F. Supp. 1015 (S.D. Ohio 1997).

113. See *id.* at 1017. This technique is known as "spamming." See *id.* at 1018 n.1 ("This term is derived from a skit performed on the British television show Monty Python's Flying Circus, in which the word 'spam' is repeated to the point of absurdity in a restaurant menu.").

114. See *id.* at 1023.

messages and reconfigured its computers to conceal its true domain name, thus preventing e-mail replies.¹¹⁵

Although Cyber Promotions clearly used CompuServe's proprietary network for its own purposes without permission or compensation, no federal cause of action appeared to be available. The court had little difficulty finding, however, that the common law theory of trespass to chattels applied. Following the standard set forth in the *Restatement (Second) of Torts*, which defines the tort as intentional use or intermeddling with a chattel in possession of another, it rejected the defendants' argument that physical dispossession or substantial interference was required.¹¹⁶ The court held that a stream of unwanted electronic signals was sufficiently tangible to support an action in trespass.¹¹⁷

To the extent that defendants' multitudinous electronic mailings demand the disk space and drain the processing power of plaintiff's computer equipment, those resources are not available to serve CompuServe subscribers. Therefore, the value of that equipment to CompuServe is diminished even though it is not physically damaged by defendants' conduct.¹¹⁸

The court also held that defendants had harmed not just CompuServe's equipment, but its business reputation and goodwill, which it recognized as separate property interests.¹¹⁹ The defendants' intentional actions had forced subscribers to sort through many unsolicited messages, an inconvenience that reduced the utility of CompuServe's e-mail service

115. *See id.* at 1019.

116. *See id.* at 1022. The court pointed out that dispossession was only one of several circumstances constituting trespass to chattels under the Restatement. *See id.* at 1021-22 (noting that the tort also arises if the chattel was "impair[ed as to] . . . its physical condition, quality or value") (citing RESTATEMENT (SECOND) OF TORTS § 217 cmt. e, § 218 cmt. h).

117. *See id.* at 1021 (relying upon *Thrifty-Tel, Inc. v. Bezenek*, 54 Cal. Rptr. 2d 468, 473 (Ct. App. 1996); *State v. McGraw*, 480 N.E.2d 552, 554 (Ind. 1985); *State v. Riley*, 846 P.2d 1365 (Wash. 1993)).

118. *CompuServe*, 962 F. Supp. at 1022. The court also stated, in dictum, that the defendants' actions were so disruptive that they could constitute conversion under Ohio law, which requires the more demanding standard of a wrongful taking, such as an assumption of ownership, an illegal use or misuse, or a detention of chattels. *See id.* at 1020.

119. *See id.* at 1023 (citing RESTATEMENT (SECOND) OF TORTS § 218D).

and prompted customer complaints and cancellations.¹²⁰ Finally, it rejected the defendants' arguments that CompuServe waived its property rights by simply connecting to the Internet and exposing its customers to e-mail from any source,¹²¹ or that Cyber Promotions had a First Amendment privilege to continue sending its unsolicited communications.¹²²

Trespass to chattels also was used successfully in *Thrifty-Tel, Inc. v. Bezenek*,¹²³ a case involving hacking by the defendants to acquire computerized long-distance telephone access codes and subsequently to make free calls. Remarking that the plaintiff was attempting to apply "a hoary common law theory to computer-age facts" the California Court of Appeals also affirmed the lower court's ruling that the defendants were liable under a fraud theory, finding that the defendants' unauthorized transmission of a stolen access code via modem constituted a misrepresentation, and that acknowledgment and acceptance of the stolen code by the plaintiff's computer system constituted detrimental reliance.¹²⁴

*Cyber Promotions v. America OnLine, Inc.*¹²⁵ also presents an interesting contrast here for a number of reasons. In addition to being another example of common law theories being used to bolster statutory causes of action and encourage settlement, the conflict also shows that in some circumstances self-help presents a much more effective option. The lawsuit first arose when America Online ("AOL") gathered all of Cyber Promotions' undeliverable messages residing on its computers and delivered them in a bulk transmission to Cyber Promotions' Internet

120. *See id.* An important factor for the court was CompuServe's effort to repel the unwanted messages and to demand in writing that they cease: "[T]his court also notes that the implementation of technological means of self-help, to the extent that reasonable measures are effective, is particularly appropriate in this type of situation and should be exhausted before legal action is proper." *Id.* In addition, CompuServe had posted a policy statement in materials to its new subscribers prohibiting its use for unsolicited e-mail and encouraging its subscribers to report violations. *See id.* at 1024.

121. The defendants' argument that Cyber Promotions was a business invitee was rebutted by CompuServe's notice to Cyber Promotions in October 1995 that it no longer consented to the use of its equipment for the defendants' promotional messages. *See id.* at 1024.

122. The court held, based largely on the *Cyber Promotions* case in Pennsylvania, *Cyber Promotions v. America OnLine, Inc.*, 948 F. Supp 436 (E.D. Pa. 1996), discussed *infra*, that an online service provider like CompuServe was not a government actor to which the First Amendment applied. *See id.* at 1024-26.

123. 54 Cal. Rptr. 2d 468 (Ct. App. 1996).

124. *See id.* at 473-74.

125. 948 F. Supp. 436 (E.D. Pa. 1996).

service providers.¹²⁶ Cyber Promotions sued on claims of, *inter alia*, interference with contractual relations and unfair competition, asserting that the "e-mail bombs" had disabled their service providers' computers, and that those providers had terminated their contracts with Cyber Promotions as a direct result thereof.¹²⁷ AOL counterclaimed on several statutory and common law claims.¹²⁸ The case settled in AOL's favor after Cyber Promotions lost a motion for partial summary judgement on its claim that it enjoyed a First Amendment right to send the unsolicited e-mails.¹²⁹

With each announcement of new technological advances, other fascinating scenarios arise, each of which may create new opportunities to dust off old common law claims. Take, for example, the recent announcement regarding "Web TV Plus," described in the press as the next generation of "Internet-enhanced television" that, via a video modem, "will sense data streaming into it along with a television signal" and offer a range of interactive television viewing options.¹³⁰ These options can include immediate, customized, instant-replay or camera-angle shots during sports broadcasts, on-screen chat sessions among fans of the *X-Files* during the latest episode, online shopping options, and countless other features that, depending on one's perspective, either will enhance or detract from the primary content originating with traditional television programmers.

Although established broadcast entities may not be supportive of such enhancements (perhaps out of a concern over whether viewer distraction will result in a loss of commercial revenue), it is not at all clear whether existing copyright law will provide a complete remedy in cases where it may be argued that, because of an absence of any "copies," an unauthorized reproduction or distribution did not occur.¹³¹ Therefore, one can easily imagine Web TV Plus spawning lawsuits with

126. *See id.* at 437.

127. *Id.* at 437 & n.1.

128. AOL commenced its own suit in the Eastern District of Virginia alleging trademark infringement, trademark dilution, false advertising, unfair competition, misappropriation, conversion, unjust enrichment, and violations of the Virginia Consumer Protection Act, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, and the Virginia Computer Crimes Act. *See id.* at 437. The two cases were consolidated in the Eastern District of Pennsylvania. *See id.* at 438.

129. *See id.* at 447.

130. Robert O'Harrow, Jr., *WebTV Tries to Program a New Strategy*, WASH. POST, Oct. 13, 1997, at F17.

131. *See supra* notes 100-07 and accompanying text.

claims based on tortious interference with contractual relations,¹³² trespass,¹³³ or unfair competition.¹³⁴

As a result, it is unlikely that we have seen the last of misappropriation, trespass or other common law claims brought in addition to those based on statutory schemes of intellectual property protection. Whether as the basis for judicial resolution, as in *NBA* and *CompuServe*, or as claims that lead to early settlements, as in *Total News*, common law theories are likely to continue to play a significant role in future litigation spawned by the Internet and other digital technologies.

V. CONCLUSION

In a world where advances in information storage and transport technologies develop with breathtaking speed, it is unrealistic to expect statutory law to keep pace, regardless of how painstakingly the legislative branch tries to predict the future. It is well known, for example, that the 1976 Copyright Act was deliberately drafted in broad, media-neutral terms in an effort to ensure that it would apply to then-rudimentary computer information storage and retrieval systems. As the House Report accompanying the Act states:

Under the bill it makes no difference what the form, manner, or medium of fixation may be . . . whether embodied in a physical object in written, printed . . . , magnetic, or any other stable form, and whether it is capable of perception directly or by means of any machine or device "*now known or later developed*."¹³⁵

The Copyright office, responsible for drafting large sections of the Act, put it as follows:

132. To the extent that any enhanced features are separately sponsored, they may violate or interfere with the ability to perform existing agreements with program sponsors or advertisers, whether or not the agreements provide for exclusivity.

133. Unauthorized transmissions that are intended to interact with transmissions of television programming may so reduce the value of the programming as to constitute actionable trespass, under the theory adopted in *CompuServe*.

134. The greater the degree of integration, the more it appears that Web TV Plus transmissions bear the imprimatur of the television programmer. Unless these viewing options are, in fact, authorized by the television programmer, any resulting confusion would be actionable under traditional unfair competition theories.

135. H.R. REP. NO. 94-1476, at 52 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5665 (emphasis added).

[T]hat is the basis on which we drafted this bill. For example, you can read the bill from beginning to end and you won't find in it any reference to computers . . . [even though] these are one of the coming instruments of communication in the future. We have tried to phrase the broad rights granted in such a way that they can be adapted as time goes on to each of the new advancing media.¹³⁶

Despite such foresight, the degree to which the Copyright Act or other statutory schemes are competent to the task of defining competing claims in the digital age is, as noted,¹³⁷ being vigorously debated.¹³⁸

History repeats itself. As this article has shown, technology in this century has continually outpaced statutory law and litigants have repeatedly turned to judge-made law to protect important rights and large investments in the collection or creation of time-sensitive information and other commercially valuable content. It stands to reason that the faster a technology develops, the more rapidly it will surpass pre-existing law, and the more prominent common law theories may become. It is not surprising, therefore, that as the Internet geometrically expands its speed, accessibility, and versatility — thereby vastly increasing the opportunities for economic free-riders to take, copy, and repackage information and information systems for profit — intellectual property owners again must consider the common law as a source of protection at the end of this century, much as it was at the beginning.

136. *Copyright Law Revision: Hearings on H.R. 4347, 5680, 6831, 6835 Before Subcom. No. 3 of the House Comm. on the Judiciary*, 89th Cong. 57 (1965) (testimony of George D. Cary, Deputy Register of Copyrights, on the general revision bill enacted into law in 1976) (emphasis added).

137. See *supra* notes 100-07 and accompanying text.

138. For example, notwithstanding the emphasis on "media neutrality" that runs throughout the Copyright Act, a group of freelance authors brought suit under the Copyright Act asserting that their copyrights in their contributions to various print periodicals were being infringed when these periodicals were redistributed not only in print editions but also on CD-ROMs and via the NEXIS electronic library of periodicals. See *Tasini v. New York Times Co.*, 972 F. Supp. 804 (S.D.N.Y. 1997). The court held that the periodical publishers were entitled to republish the works in those other media. See *id.* at 814-20. The author represented the defendants in this action.