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## WASHINGTON POST V. TOTAL NEWS, INC.

By Frank C. Gomez

Advertising expenditures on the World Wide Web (Web) reached \$217.3 million for the first six months of 1997.<sup>1</sup> Advertising is undoubtedly the primary source of revenue for many Web site operators. The increased profit-making potential of the Web also increases the potential for commercial and legal conflict. The Web community, once a society with unwritten rules dictated primarily by the norms of the computer culture, is expanding rapidly to include a diverse array of societies, cultures, and influences throughout the world. The dynamics of interaction on this multi-leveled international gateway create a strong need for concrete rules, procedures, and regulations to govern its use. Consequently, the Web community is receiving enormous internal, as well as, external pressure to speed the evolution of its system of rules to comport better with those governing society at large. The case of *Washington Post v. Total News*<sup>2</sup> offers a prime example of the legal entanglements and ambiguities that inevitably arise when technological advancements create commercial opportunities in a new domain where the rules are at an early stage of development.

The Web is the most popular feature of the Internet today.<sup>3</sup> A user can browse the Web for hypertext documents which contain elements such as sound, animation, and video. With a computer, modem, and the requisite browsing software, one can access this massive information system and obtain current information relating to everything from creative health food tips to stock prices.

The Internet, in simple terms, is a network of computer networks that utilizes standard protocols to communicate; it lacks any real central point of management.<sup>4</sup> This international "super-network," containing more

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1. See *Web Ad Revenue Takes a Huge Leap*, PATRIOT LEDGER, Aug. 4, 1997, at 1, available in 1997 WL 8187491. According to Cowles/Simba Information Co., advertising revenue on the World Wide Web reached \$217.3 million for the first six months of 1997. *Id.* This figure is over triple the amount of \$61 million that was spent in the first six months of 1996. *Id.* Cowles/Simba predicts that Web advertising will reach \$446.0 million during 1997. *Id.*

2. 97 Civ. 1190 (S.D.N.Y., complaint filed Feb. 20, 1997).

3. See David Phillips & Elizabeth Blumenfeld, *Seams in a Seamless Web*, 482 PLI/PAT 65, 67 (1997).

4. See *id.* at 67-68.

than 15,000 computer networks is used by approximately 30 million individuals, corporations, organizations, governmental, and educational institutions.<sup>5</sup> The Web is a separate set of protocols that overlay the Internet and allow users to navigate by "point-and-click" commands throughout the system.<sup>6</sup> A core feature of the Web is "hypertext" links. A link, often represented by a colored textual icon or graphic image, allows a user to "click" on a designated area of the screen and transfer to the home page of another Web site, perhaps located on the other side of the world.

The particular Web browsing technology that has caused great uncertainty with respect to copyright law and unfair competition on the Internet is "framing." Framing enables a Web page designer to split a page into independent scrollable regions, each capable of displaying a separate and distinct external Web page.<sup>7</sup> Rather than having to leave the screen of one Web page to access another, the framing feature allows a user to "display" a portion of a separate Web site on the one originally accessed.<sup>8</sup> Framing was first introduced as a feature of the popular Web browser, Netscape Navigator, in 1996.<sup>9</sup> Since then, the feature has been incorporated into many commercial Web browsers. In fact, it is even included in the standard HTML specification, the computer code which makes Web pages readable across platforms.<sup>10</sup>

## I. THE CASE: *WASHINGTON POST V. TOTAL NEWS*

### A. Total News: Users of Web Framing

Total News Inc., a small Web development company that operates behind a Lulu's Taco Stand in Gilbert, Arizona, utilizes this "framing" technology on its principal Web page. The Total News site allows users to link to other sites while retaining the framed presence of the Total News site. When external sites are accessed via a hyperlink, they are viewed within a frame, surrounded by a border that includes the Total News logo and commercial advertisements sold by the company.<sup>11</sup> The Total News

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5. See *Panavision International, L.P. v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal. 1996).

6. See Phillips & Blumenfeld, *supra* note 3, at 68.

7. See *Use of Frames to Incorporate Third-Party Content in Web Site Sparks Controversy*, 13 No. 11 COMPUTER L. STRATEGIST 8 (1997) [hereinafter *Use of Frames*].

8. See Katherine C. Spelman & James F. Brelsford, *Protecting Your Intellectual Property Assets: How to Value, Maximize, and Enhance Your Assets*, 468 PLI/PAT 101, 112 (1996).

9. See *Use of Frames*, *supra* note 7, at 8.

10. See *Multimedia Docket Sheet*, 3 No. 5 MULTIMEDIA STRATEGIST 8 (1997).

11. See *Use of Frames*, *supra* note 7, at 8.

Web site offers hundreds of "framed" links to news and media organizations.<sup>12</sup> These links are listed next to icons containing the famous trademarks of these organizations.<sup>13</sup>

### **B. Legal Allegations: Misappropriation of Web Page Content**

The plaintiffs alleged that Total News was liable for misappropriating copyrighted material on the Internet and generating advertising revenue derived from such unauthorized use of their Web site content. The plaintiffs included such prominent news media organizations as the Washington Post, the Cable News Network (CNN), and Dow Jones & Company. They argued that the defendant's Web site "openly free-rides on plaintiff's efforts by simply lifting plaintiff's content wholesale and selling advertising based on proximity to that content."<sup>14</sup> Further, the plaintiffs alleged that defendant had expressly promoted its Web site by suggesting that its advertisements would appear next to the commercial messages of the plaintiffs.<sup>15</sup>

In addition to the misappropriation claim, the plaintiffs alleged eight other causes of action against Total News. These claims were trademark infringement, federal trademark dilution, false advertising, unfair competition under state law, dilution under state law, deceptive practices, copyright infringement, and tortious interference with the plaintiffs' advertising.

### **C. The Settlement**

On June 6, 1997, Total News agreed not to provide "framed" links to the plaintiffs' Web sites.<sup>16</sup> However, Total News retained the right to provide conventional links to those sites.<sup>17</sup> The plaintiffs, in turn, reserved the right to provide fifteen days notice to Total News to revoke such linking rights.<sup>18</sup> Because this case was resolved in a settlement agreement rather than a court opinion, the Web community will have to wait for another case for a detailed court analysis on this hot issue.

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12. See *Multimedia Docket Sheet*, *supra* note 10, at 8.

13. See Rob Bierstedt, *Plaintiff's Complaint in Washington Post Co. v. Total News*, 480 PLI/PAT 235, 249 (1997).

14. See *id.* at 255.

15. See *id.* at 256.

16. See *Washington Post Co. v. Total News, Inc.*, 97 Civ. 1190 (S.D.N.Y., complaint filed Feb. 20, 1997).

17. See *id.*

18. See *id.*

## II. THE DOCTRINE OF MISAPPROPRIATION

This comment considers whether a Web framing misappropriation claim, as alleged against Total News, is within the scope of federal copyright, and thus preempted, or if it may be adjudicated pursuant to state law.

### A. The Basis of Misappropriation Analysis

The primary claim the plaintiffs asserted was misappropriation, a cause of action arising under the state law doctrine of unfair competition. Misappropriation is defined as converting to one's own use and profit the product of another's labor.<sup>19</sup> The doctrine seeks to protect the hard work of a commercial seller from a competitor's copying, without requiring that the work be an original creation.

*International News Service v. Associated Press*,<sup>20</sup> the seminal case which established the misappropriation branch of the doctrine of unfair competition, continues to serve as the basis of misappropriation analysis. The U.S. Supreme Court held that plaintiffs may be protected from misappropriation by competitors, but not by the general public.<sup>21</sup> The case involved Associated Press, a company that gathered information from across the country, at its own expense, and published it throughout the United States. International News Service (INS) was held liable for misappropriation when it copied news from Associated Press publications and used that information in its own publications without acknowledging the source.<sup>22</sup>

While analyzing the doctrine of unfair competition, the Court noted that copyright law was not an issue because news is not considered copyrightable.<sup>23</sup> The Court asserted that a person or entity that gathers news at his own effort and expense with the intent to profit from it possesses a "quasi-property" interest in that news.<sup>24</sup> A competitor who utilizes that news for his gain, at the expense of the gatherer, has engaged in unfair competition.<sup>25</sup> The Court emphasized that each participant in a commercial dealing must utilize his own "money, skill, and effort."<sup>26</sup> When one

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19. See *International News Serv. v. Associated Press*, 248 U.S. 215, 239 (1918).

20. *Id.*

21. See *id.*

22. See *id.* at 242.

23. See *id.* at 233.

24. See Kelly A. Ryan, *Copyright Law: Do State Misappropriation Rights Survive Feist Publications Copyright Laws?*, 1992/1993 ANN. SURV. AM. L. 329, 331 (1994) (analyzing *International News*, 248 U.S. at 236).

25. See *International News*, 248 U.S. at 233.

26. See *id.* at 238.

party fails to do this, that party has competed unfairly.<sup>27</sup> The Court further noted that INS could not publish the news acquired by Associated Press until the commercial value of that news had diminished.<sup>28</sup>

### III. FEDERAL PREEMPTION OF A STATE MISAPPROPRIATION CLAIM

The plaintiffs' misappropriation claim in *Total News* was perhaps the most potent of those raised in their complaint. The misappropriation claim directly addressed the primary concern of the plaintiffs: the ability of the defendant to use the content of plaintiffs' sites to generate advertising revenue in competition with the plaintiffs. However, the ability of a similar plaintiff to succeed in the future will depend on whether such a misappropriation claim is preempted by federal copyright law.

#### A. Section 301 of the Copyright Act: Equivalent rights

In section 301 of the 1976 Copyright Act, Congress explicitly established that federal copyright law preempts state law protection of copyrightable subject matter where the rights afforded under state law are equivalent to those secured by federal law.<sup>29</sup> Section 301 preemption was created in part to give the federal government unequivocal authority in matters of copyright protection and to prevent uncertainty in deciding whether state or federal protection applies. Section 301(a) presents three prerequisites for federal preemption:

- (i) The state law claim must vindicate legal or equitable rights that are equivalent to any of the exclusive rights ... specified in Section 106.
- (ii) There must be works of authorship that are fixed in a tangible medium of expression.
- (iii) These works must come within the subject matter of copyright as specified by sections 102 and 103.<sup>30</sup>

##### 1. Sections 102, 103, & 106

A state law right is considered equivalent to a right within the general scope of federal copyright if it violates any of the rights specified in sec-

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27. See Ryan, *supra* note 24, at 332 (analyzing *International News*, 248 U.S. at 239-40).

28. See *International News*, 248 U.S. at 245-46.

29. See generally Raymond T. Nimmer, *Federal Preemption in Intellectual Property Law*, 453 PLL/PAT 95, 107 (1996).

30. Carol P. Sadler, *Federal Copyright Protection and State Trade Secret Protection: The Case for Partial Preemption*, 33 AM. U.L. REV. 667, 673 (1984).

tion 106.<sup>31</sup> Essentially, section 106 grants the copyright holder the right to “reproduce, distribute, perform and display” a copyrighted work.<sup>32</sup>

Section 102(a) provides that copyright protection is extended to works of “original authorship fixed in a tangible medium of expression.”<sup>33</sup> Works of authorship include: “literary works; musical works; dramatic works; pantomimes; pictorial graphic and sculptural works; motion picture and other audio visual works.”<sup>34</sup> Section 102(b) holds that any “procedure, process, or system” is excluded from copyright protection.<sup>35</sup>

## 2. *Application of Statute*

Section 301 provides two questions for the courts to consider in determining whether federal copyright law preempts state law. First, is the right to protection akin to an exclusive right specified in the Copyright Act? Second, is the work within the domain of copyrightable subject matter?

Section 301(a) of the Copyright Act is considered to be a fundamental change in copyright law.<sup>36</sup> Prior to the enactment of section 301(a), a common law copyright could be granted by the states to protect unpublished works as well as published works that were not afforded federal copyright protection.<sup>37</sup>

## 3. *Section 301 As it Applies to Total News' Use of Framing*

While the plaintiffs' home pages in *Total News* may have been properly copyrighted as literary or pictorial graphic works, the satisfaction of section 301 remains unclear because it is doubtful whether a “copy” of their Web pages was made. Currently, there is an absence of case law addressing whether “linking” constitutes the creation of a “copy” of another work. A technical understanding of linking suggests that it does not. The prime function of a link, “framed” or not, is to “move” the user to the

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31. See 17 U.S.C. § 301(a) (1976); See *Allied Artists Pictures Corp. v. Rhodes*, 679 F.2d 656, 662-63 (6th Cir. 1982) (holding that a state law right is equivalent if it creates or destroys a right contained in federal copyright law).

32. 17 U.S.C. § 106.

33. *Id.* § 102(a).

34. *Id.* § 102(a).

35. *Id.* § 102(b).

36. See *Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, 677 (7th Cir. 1986). The court held that live telecasts of sporting events that are simultaneously videotaped are considered fixed in a tangible medium of expression, thus rendering such recorded broadcasts copyrightable. See *id.* at 668. The court further held that the telecast of a baseball game contains sufficient creativity to deem it copyrightable. See *id.* at 668-69.

37. See *Goldstein v. California*, 412 U.S. 546, 569 (1973).

URL address of the external Web page, rather than “copy” that page into some medium for the user’s convenience. This discretion to “move” is purely in the hands of the user. Ultimately, it is the user who transfers the free content of the Web page to his or her computer screen.

The prerequisites of section 301 cannot be fulfilled until it is clear that linking creates a “copy” that has been placed in a “tangible medium of expression.” Possible contributory infringement claims are constrained for the same reason.<sup>38</sup> In order to deem linking the creation of a “copy,” the conceptual view of a “copy” will have to be stretched considerably.

If the courts favor a view remotely close to that held by the Web development community, “linking” will not be deemed a copy. Avid Web developers seldom, if at all, refer to “copying” in the same sentence as the term “linking.” The prevalent view amongst Internet companies and Web developers is that once a site is posted on the Web, no consent is required to link to it.<sup>39</sup> Commonly, Web developers who share a mutual business interest link to one another’s site to promote consistency of performance, quality, and availability with respect to information.<sup>40</sup>

## B. Legislative History of the Copyright Act’s Preemption Clause

During a series of early legislative hearings on what became the 1976 Copyright Act, Congress asserted that certain provisions of the federal copyright laws were meant to preempt state misappropriation laws because they merely represented copyright protection under another guise.<sup>41</sup> However, during the final Congressional debates, some members of Congress acknowledged that section 301 was not intended to alter certain areas of existing state misappropriation law.<sup>42</sup> The House Report indicated that the Act would provide businesses with protection from competitors

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38. Contributory infringement is a subset of the doctrine of vicarious liability, a third-party liability theory. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 435 (1984). In general, “one who, with knowledge of the infringing activity, includes, causes, or materially contributes to the infringing activity of another, may be held liable as a ‘contributory’ infringer.” *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971). Although no express statutory provision governs contributory infringement, the doctrine is regarded as a valid means of holding a party liable for copyright infringement. See *Sony*, 464 U.S. at 435. To hold a party liable as a contributory infringer, a claim of direct infringement against some party must first be established. See *Cable/Home Communications Corp. v. Network Prod. Inc.*, 902 F.2d 829, 844 (11th Cir. 1990).

39. See Phillips & Blumenfeld, *supra* note 3, at 67.

40. See Richard Raysman & Peter Brown, *Dangerous Liaisons: The Legal Risks of Linking Web Sites*, 217 N.Y.L.J. 3, 5 (1997).

41. H.R. REP. NO. 89-2237, at 129 (1966).

42. See Ryan, *supra* note 24, at 339.



who consistently use facts gathered by another for their own benefit.<sup>43</sup> The following excerpt from the House Report for the 1976 amendments clarifies the congressional stance:

'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 literal expression) constituting 'hot' news, whether the traditional mold of *International News Service v. Associated Press*, 248 U.S. 215 (1918), or in the newer form of date updates from scientific, business, or financial data bases.<sup>44</sup>

### C. The "Extra Element": A Three Part Test

Even if the plaintiffs' Web content met the requirements of section 301, it could still survive federal preemption if the "extra element" test were met. State law is equivalent to copyright if it violates section 106 or "it requires additional elements to make out a cause of action, but the additional elements do not differ in kind from those necessary for copyright infringement."<sup>45</sup>

In *NBA v. Motorola Inc.*,<sup>46</sup> the Second Circuit held that the Copyright Act of 1976 preempts only those state law claims that would infringe one of the exclusive rights provided by the federal Copyright Act.<sup>47</sup> Certain forms of misappropriation, particularly "hot news" claims, otherwise within the general scope of copyright will survive preemption if the "extra element" test is met.<sup>48</sup> This test is met if the following conditions are satisfied: (i) the information in question is time sensitive; (ii) the defendants' use of the information constitutes a free ride on the plaintiffs' efforts; and

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43. *See id.*

44. *See NBA v. Motorola, Inc.*, 105 F.3d 841, 850 (2nd Cir. 1997) (citing H.R. REP. NO. 94-1476, at 132 (1976)).

45. *See Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, 677 (7th Cir. 1986).

46. 105 F.3d 841 (2nd Cir. 1997).

47. *See id.* at 850. The court held that a "real-time" transmission of NBA game scores does not constitute a misappropriation of "hot-news." *Id.* at 853. Further, the court held that a state law "hot-news" misappropriation claim based on *International News* survives preemption by the federal Copyright Act. *Id.* at 848.

48. *See id.* at 853.

(iii) the ability of other parties to free ride on the efforts of the plaintiff and others would so reduce the incentive to produce the product or service that its existence or quality would be threatened.<sup>49</sup> Although *Total News* never reached a judge, a court may have reasoned through the three part “extra element” test as follows.

1. *Time sensitive information*

Establishing that the information contained in the plaintiffs’ Web sites was time sensitive would have presented only a minor obstacle. The Washington Post, for example, asserted in the complaint that it updates its Web page thirty times per day.<sup>50</sup> Because the majority of the plaintiffs are in the business of providing current news, their Web sites generally contain a plethora of information that is arguably time sensitive. To the extent that the plaintiffs were diligent in updating their Web pages, the time sensitivity requirement would easily be met. However, there is not a bright-line rule to determine how often a Web page must be updated or how current its content must be to constitute “time sensitive” information. In addition, there is no firm rule designating the percentage of time sensitive information that must be embodied in the whole work for the requirement to be met.

2. *Free riding on the plaintiff’s efforts*

To prevail on the free riding requirement, it must be proved that the defendant appropriated the plaintiff’s product at a minimal cost and offered that product at a lower cost to competitors.<sup>51</sup> Free riding generally occurs when one party does little or nothing to warrant the benefit it receives from the efforts of others in furtherance of a mutual interest.

Total News arguably did not free ride on the plaintiffs’ efforts because misappropriation implies a “taking” of another’s work. “Appropriate” means “[t]o make a thing one’s own; to make a thing the subject of property; to exercise dominion over an object to the extent, and for the purpose, of making it subserve one’s own proper use or pleasure.”<sup>52</sup> Total News’ use of linking did not involve a “copying” or “taking” of the plaintiffs’ work. Rather, Total News merely provided its users with an organized and convenient path to the information posted by the plaintiffs. Total

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49. *See id.*

50. *See Bierstedt, supra* note 13, at 255.

51. *See NBA*, 105 F.3d at 854 (noting that an indispensable element of an *International News* “hot news” claim is free riding which enables the defendant to produce a competitive product at a reduced cost because of the efforts of the original producer).

52. BLACK’S LAW DICTIONARY 67 (6th ed. 1991).

News' framed link service can be analogized to providing a "taxi cab-like" service to a given destination. Does it constitute a free ride on the plaintiffs' efforts to solicit advertisements for a "cab-like" service to a particular set of locations which house the plaintiffs' copyrighted material?

a) Technological methods of limiting Web access

From a technological standpoint, the plaintiffs have many methods of limiting third-party Web developers from accessing or altering the appearance of their sites. For instance, the plaintiffs can install anti-framing software on their Web pages as well as restrict a Web site operator's URL address (i.e. <http://www.totalnews.com>) from accessing their sites.<sup>53</sup> Further, the plaintiffs can limit access to their sites by requiring a paid subscription, as Dow Jones does, or by imposing a registration and a password entry code requirement.<sup>54</sup> In an even more creative approach, the plaintiffs can program their Web pages to change URL addresses at random intervals.<sup>55</sup>

Not only do the plaintiffs have discretion to bypass frames, but so does the user. For instance, the user is free to scroll within the framed region to view the advertisements of the original external site.<sup>56</sup> In addition, the user can bypass the Total News site completely by recalling an external Web site's URL address or using a Web browser program that does not support frames.<sup>57</sup>

b) Limiting framing through contractual "click agreements"

To prevent unwanted framing, the plaintiffs can also experiment with enforcing on-line contractual "click agreements." Such agreements require the user to consent to the terms of an on-screen contract by "clicking" on the requisite icon before accessing the site.<sup>58</sup> Although it still remains questionable whether a court will consistently enforce such an agreement, the judicial trend has been to clarify the enforceability of such "shrink-wrap" or "Web-wrap" contracts.<sup>59</sup>

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53. See Alan Pearlman, *Web Framing Feature Spreading Quickly*, 14 No. 12 LEGAL TECH. NEWSL. 5 (1997).

54. See Bierstedt, *supra* note 13, at 254.

55. See Raysman & Brown, *supra* note 40, at 7.

56. See Mitch Wagner, *Web Firms Eye Suit on Link Policies*, COMPUTERWORLD, May 12, 1997, at 62.

57. See *id.*

58. See Mary M. Luria, *Controlling Web Advertising: Spamming, Linking, Framing, And Privacy*, THE COMPUTER LAWYER, Nov. 1997, at 14.

59. See generally *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996). The court held that a shrink-wrap agreement, a contract in which the user agrees to the terms

### 3. *Reduced incentive of plaintiffs to produce the product*

Considering that the plaintiffs already disseminate in print form much of the information contained on their Web pages, it is unlikely that the plaintiffs will be deterred by the Total Newses of cyberspace. The plaintiffs have a general marketing interest in maintaining a presence on the Web, particularly because it aids them in establishing a favorable brand image as companies who are cutting-edge and up-to-date.

The current economic reality of the Internet does not favor the view that the plaintiffs would be easily deterred from producing Web content. Web pages are among the least expensive forms of communicating information: it is generally inexpensive to modify and update a Web page beyond its initial design. Generally, large corporate firms such as the Washington Post hold an advantage in attracting Web advertising revenue in comparison to small and mid-sized businesses such as Total News. In the fourth quarter of 1995, approximately 75% of the advertising dollars spent on the Web went to only ten companies, the majority of which were large publishers.<sup>60</sup>

Some analysts predict that annual advertising expenditures on the Web will reach \$2 billion during the year 2000.<sup>61</sup> This data suggests that, if the current trend continues, a small player will have little impact on the ability of a large company to generate advertising revenue for its Web page. Arguably, the "existence and quality" of the plaintiffs' product will not be threatened by small businesses such as Total News due to the large-firm advertising advantage the plaintiffs hold. Although Web developers who provide framed links to the plaintiffs' sites may cut into their margins, the plaintiffs are still likely to produce their Web product as long as the revenue generated exceed their costs by a reasonable margin. In sum, the likely deterrent effect caused by Total News' market presence may not be substantial enough to establish that the plaintiffs have a reduced incentive to produce Web content. There is no concrete rule that establishes the

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by opening the package seal, was an enforceable contract with respect to a CD-ROM database. *Id.* at 1450-51. The court also concluded that rights under contract are not preempted by federal law even in the case of prohibitions on trade secrets and limitations on use. *Id.* at 1454.

60. See Rosalind Resnick, *Hawking Their Wares: Online Advertisers Ready to Pour Money Into Sales Pitches on the Internet*, THE STAR-LEDGER NEWARK, NJ, Feb. 5, 1996, at 1, available in 1997 WL 7940044.

61. See *Study Predicts Online Ad Revenues Will Reach \$2 billion in 2000*, EDP WEEKLY 009, July 22, 1996, at 1, available in 1996 WL 9720172; see also, *Web Advertising Expected to Grow 500 PCT*, PHILADELPHIA INQUIRER, June 7, 1997, at 1, available in 1997 WL 8698016.

level of market harm necessary to reduce the incentive of a plaintiff to produce a product. With respect to *Total News*, a decision on this element of the test will be based, at best, largely on subjective standards.

#### IV. ADDITIONAL CASE LAW

##### A. Survey of Case Law Supporting Misappropriation as Not Preempted

There is further support that a misappropriation claim is not preempted by federal copyright law. In *Goldstein v. California*,<sup>62</sup> the U.S. Supreme Court ruled that misappropriation protected interests outside the realm of copyright law and thus was not preempted by federal copyright law. *Goldstein* involved the pirating of recordings created by major musical artists. These pirated tapes were distributed to retail outlets and placed in competition with those of the original recording companies.<sup>63</sup> A California statute prevented the transfer of any performance fixed on record or tape to other records or tapes with the intent to sell in the absence of express permission.<sup>64</sup>

In *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*,<sup>65</sup> the U.S. Supreme Court implied in dicta that a remedy for hard work is available under the unfair competition laws, of which misappropriation is one. The *Feist* Court recognized that facts themselves are not copyrightable, but the unique expression of those facts are.<sup>66</sup> After rejecting what was known as the "sweat of the brow" doctrine in copyright law,<sup>67</sup> the Court hinted in dicta that an adequate remedy under state unfair competition law may exist for the plaintiffs.<sup>68</sup>

In *Southern Bell Telephone and Telegraph Co. v. Associated Telephone Directory Publishers*,<sup>69</sup> the Eleventh Circuit Court of Appeals suggested that federal copyright law cannot subvert a state misappropriation claim. *Southern Bell* involved the copying of a telephone directory, and was settled prior to *Feist*. The Eleventh Circuit suggested in dicta that

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62. 412 U.S. 546, 546 (1973).

63. *See id.* at 550.

64. *See id.*

65. 499 U.S. 340 (1991).

66. *See id.*

67. *Id.* at 353 (rejecting the "sweat of the brow" doctrine which grants copyright protection to works which require a great deal of labor to produce but little creativity).

68. *See Ryan, supra* note 24, at 330 (citing *Feist*, 499 U.S. at 350).

69. 756 F.2d 801 (11th Cir. 1985).

Southern Bell could prevail on a misappropriation cause of action by invoking the state unfair competition doctrine.<sup>70</sup>

### B. The "Passing Off" Test: A Stricter Standard for Preemption

In contrast to *Goldstein* and *Southern Bell*, the Ninth Circuit has relied on a more stringent standard for survival of a state misappropriation claim. In *Del Madera Properties v. Rhodes and Gardner*, the court held that state claims of unfair competition based on misappropriation of copyrighted material are preempted by federal copyright law unless a showing of the tort of "passing off" can be established.<sup>71</sup> "Passing off" has been defined by prior case law to mean "the selling of one's own creation under the name or trademark of another."<sup>72</sup>

The "passing off" presented in *Del Madera Properties* does not apply to the facts of *Total News*. Such analysis is most useful for two types of unfair competition claims: namely false advertising and trademark infringement.<sup>73</sup> *Total News* is not a clear-cut case in which the defendant is attempting to "pass off" its Web site as that of the major entertainment and media conglomerates to which it links. Generally, an active user of the Web understands that the mere presence of a "link" does not necessarily imply that the linked external Web site is owned and controlled by the provider of the link.

## V. CONCLUSION

As the case law and legislative history suggest, misappropriation claims are not preempted by federal copyright law, although their scope is limited. The policy goals of copyright law and misappropriation are different. Copyright law seeks to protect original expression while state misappropriation laws aim to protect labor. In addition, the doctrines protect different groups. Misappropriation protection can only be upheld against competitors while copyright law extends protection against the world. In addition, the duration of copyright and misappropriation protection greatly differ. Copyright law grants protection for 50 years following the death of the author or, for corporate authors, the lesser of 100 years from creation

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70. See *id.* at 809 n.9.

71. See *Xerox Corp. v. Apple Computer, Inc.*, 734 F. Supp. 1542, 1550 n.15 (1990) (citing *Del Madera Properties v. Rhodes and Gardner, Inc.*, 820 F.2d 973, 977 (9th Cir. 1987)).

72. *Smith v. Montoro*, 648 F.2d 602, 604 (9th Cir. 1981).

73. See *Xerox*, 734 F. Supp. at 1551 (citing 2 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 27:2(C) (2d ed. 1984)).

or 75 years from publication. In contrast, misappropriation protection lasts only as long the competitive value of the work still exists.

The criteria for establishing preemption under section 301 of the Copyright Act most likely cannot be met under the facts of *Total News* due to the simple fact that "linking" does not rationally constitute the creation of a "copy." Regardless of whether the requirements for section 301 are met, the state misappropriation claim of the plaintiffs may be preempted if the "extra element" test is not met. The criteria for this test offer plenty of opportunities for both parties to make effective arguments. The plaintiffs are likely to prove successful in establishing that their Web content is time sensitive. However, asserting that the use of links free rides on the plaintiffs' efforts and deters them from creating the product at hand is more questionable. The difficulty stems from the fact that *Total News'* product is hard to classify as being a close reproduction of the work of the plaintiffs. In addition, the notion of competition between the parties is not as direct as that of other leading misappropriation cases, such as *International News*.

The lack of consistent decisions with respect to a misappropriation preemption challenge give rise to an even greater problem. The reality of engaging in a course of conduct like *Total News* is that there are no strong assurances that state law will survive preemption. This leaves a great deal of ambiguity for entrepreneurs and other interested parties who desire to take advantage of the growing opportunities on the Web without incurring the risk of substantial legal liability. A reasonably valid pre-assessment of such liability may be crucial for some, especially the new breed of emerging companies which maintain very few hard assets but rely heavily on their intellectual property rights for survival. The resolution of cases like *Total News* are needed, not only to spur risk-taking and the use of innovative technologies, but to establish a clear precedent for tolerance of broader forms of conduct on the Internet. The general mold of *Total News* is likely to be found again and again as the Web progresses even further technologically. Therefore, a strong legal foundation in this area is needed to assure that the law can keep pace with the rapid change of the Internet.