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# *ProCD, Inc. v. Zeidenberg*: The End Does Not Justify the Means in Federal Copyright Analysis

## I. INTRODUCTION

The Supreme Court recently reaffirmed that the “most fundamental axiom of copyright law is that ‘[n]o author may copyright his ideas or the facts he narrates.’”<sup>1</sup> However, with the explosion of the computer software industry, the question of whether something is a fact, thus having no copyright protection, is fast becoming the lead actor on the stage of federal copyright law.<sup>2</sup> Adding further confusion to this issue is the Supreme Court’s holding that “compilations of facts *are* within the subject matter of copyright.”<sup>3</sup> At the heart of this conflict is the complex issue of whether state law should provide protection where copyright law does not or whether federal copyright law preempts state law relief.

This Note discusses the copyrightability of factual compilations and specifically enters the fray of federal copyright preemption of state law claims. Section II will provide background to the complex area of copyright protection in the computer software industry. Additionally, section II will briefly explore how state law claims have attempted to fill the gaps left by an unpredictable federal copyright law. Section III will give the facts and the court’s reasoning in *ProCD, Inc. v. Zeidenberg*, a pivotal case dealing with copyright protection of factual compilations.<sup>4</sup> Section IV will assert that the Seventh Circuit erred in not preempting ProCD’s state common law claims. Additionally, section IV will propose an analysis under the Supreme Court’s copyright standard that the Seventh Circuit

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1. *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 344-45 (1991) (quoting *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 556 (1985)).

2. Shepardizing® the Supreme Court’s *Feist* decision reveals the staggering numbers of courts deciding the question of what is or is not a fact for purposes of copyright protection.

3. *Feist*, 499 U.S. at 345 (emphasis added).

4. *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996).

should have used in *ProCD*. This proposed analysis is grounded in the assertion that current copyright law is adequate to protect factual compilations used in computer software programs. Finally, it will be asserted that the interests of (1) supremacy and (2) uniformity should serve to motivate courts to use the proper analysis when asked to determine copyright protection of factual compilations.

## II. BACKGROUND

### A. *Federal Copyright Protection of Factual Compilations*

Arguably, copyright law began more as an effort to protect labor rather than creative genius.<sup>5</sup> In describing the infancy of copyright, Columbia University School of Law Professor Jane C. Ginsburg states that "the scope of copyright was initially rather modest. The first author might forbid the second comer's copying from the first production, but he could not prohibit a second comer from creating a competing work—if the competitor acquired the same information from primary sources."<sup>6</sup> Indeed, early case law depicts an era where individual effort was the sliding scale used to extend copyright protection. In *Banks v. McDivitt*, an 1875 New York case, the court stated:

No compiler of such a book has a monopoly of the subject of which the book treats. Any other person is permitted to enter that department of literature and make a similar book. But, the subsequent investigator must investigate for himself, from the original sources which are open to all. He cannot use the labors of a previous compiler . . . and save his own time by copying the results of the previous compiler's study, although the same results could have been attained by independent labor. The compiler of a digest, a road book, a directory, or a map can search and survey for himself in the fields which all laborers are permitted to occupy, but cannot adopt as his own the products of another's toil.<sup>7</sup>

This "labor intensive" analysis provided an avenue of protection for those willing to engage in the business of compiling directo-

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5. For a thorough historical analysis of copyright law see Jane C. Ginsburg, *Creation and Commercial Value: Copyright Protection of Works of Information*, 90 COLUM. L. REV. 1865 (1990).

6. *Id.* at 1876.

7. *Banks v. McDivitt*, 2 F. Cas. 759, 760 (C.C.S.D.N.Y. 1875) (No. 961).

ries and other factual based works. However, this "labor only" analysis was short-lived; the scope of copyright has steadily evolved from protection of "labor" to protection of personality and individual authorship.<sup>8</sup>

Along with this evolution has come—not surprisingly—judicial inconsistency and controversy over which type of work deserves more protection—labor intensive work or original, subjective authorship.<sup>9</sup> Ginsburg points out that these two extremes are illustrated by courts that on the one hand "give[] primacy to the personality concept of original authorship, thereby relegating the labor view to the extremes of historical anomaly" and on the other, "admit [labor intensive] compilations into the company of copyrightable works" by "simply declar[ing] the existence of [a valid copyright]."<sup>10</sup>

### 1. *The United States Copyright Act of 1976*

The inconsistency in courts' treatment of factual compilations under early copyright law was, presumably, at least a factor considered in Congress' drafting of the United States Copyright Act of 1976 (the Act).<sup>11</sup> However, as commentators have stated, the Act's treatment of factual compilations is confusing and even circular in its reasoning.<sup>12</sup> The Act provides that "[t]he subject matter of copyright . . . includes compilations."<sup>13</sup> The confusion emanates from Congress' definition of compilations as "work[s] formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term 'compilation' includes collective works."<sup>14</sup> Pointing out the Act's circular and confusing reasoning, Miller states that "[t]his confusion stems from two

8. See Ginsburg, *supra* note 5, at 1890 (stating that "United States courts and commentators had evolved two complementary rationales for copyright protection: copyright arose from, and protected against appropriation of, both the authorial personality present within a work and the labor and resources invested in it").

9. See *id.* at 1893-94.

10. *Id.* (citations omitted).

11. Copyright Act of 1976, 17 U.S.C. §§ 101-810, 1001-1010 (1994).

12. See Philip H. Miller, *Life After Feist: The First Amendment, and the Copyright Status of Automated Databases*, 60 *FORDHAM L. REV.* 507, 507 (1991); see also Ginsburg, *supra* note 5, at 1895 (indicating the potential for confusion under the Act).

13. 17 U.S.C. § 103(a) (1994).

14. *Id.* § 101 (amended 1995).

apparently contradictory provisions in United States copyright law. On one hand, the law permits the copyrighting of factual compilations. On the other hand, the law prohibits the copyrighting of facts—including the facts that comprise factual compilations.<sup>15</sup> With such a difficult statute, the courts have been left to continue the trend of inconsistent application of copyright protection.

## 2. *Case law interpretation of copyright protection of factual compilations*

Factual compilations, before and after the Act, frequently received their copyright protection through the “labor intensive” analysis.<sup>16</sup> This type of analysis is also referred to, among practitioners, as the “sweat of the brow” doctrine.<sup>17</sup> The most celebrated example of a court’s reliance on this doctrine came in the 1922 case *Jeweler’s Circular Publishing Co. v. Keystone Publishing Co.*<sup>18</sup> In that case, the court upheld the copyright for an address directory of jewelers stating:

The right to copyright a book upon which one has expended labor in its preparation does not depend upon whether the materials which he has collected consist or not of matters which are *publici juris*, or whether such materials show literary skill or originality . . . or anything more than industrious collection. The man who goes through the streets of a town and puts down the names of each of the inhabitants, with their occupations and their street numbers, acquires material of which he is the author. He produces by his labor a meritorious composition, in which he may obtain a copyright, and thus obtain the exclusive right of multiplying copies of his work.<sup>19</sup>

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15. Miller, *supra* note 12, at 507 (footnote omitted). Contrast, however, the Act’s legislative history which asserts that the Copyright Act of 1976 “make[s] plain . . . the criteria of copyrightable subject matter.” H.R. REP. NO. 94-1476, at 57 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5670 (emphasis added). Such a statement indicates that, at least to the drafters, there is no confusion in the Act.

16. See discussion *supra* Part II.A.

17. See Jane C. Ginsburg, *No “Sweat”? Copyright and Other Protection of Works of Information after Feist v. Rural Telephone*, 92 COLUM. L. REV. 338, 340 (1992) (acknowledging that “copyright in [factual compilation] works essentially secures the labor and resources—or ‘sweat’—invested in the work”).

18. 281 F. 83 (2d Cir. 1922).

19. *Id.* at 88.

More recently, the Eighth Circuit upheld a copyright, reasoning that the holder had "used sufficient talent and industry in compiling and arranging [public information] to entitle it to copyright protection under the Act."<sup>20</sup> In some form or another, the "sweat of the brow" doctrine has survived—that is until the recent Supreme Court case *Feist Publications, Inc. v. Rural Telephone Service Co.*<sup>21</sup>

A thorough treatment of the background of *Feist* is necessary to establish a foundation with which to analyze *ProCD v. Zeidenberg*. The parties in *Feist* consisted of a public utility telephone service, Rural Telephone (Rural), and a private publishing company, Feist Publications (Feist). Rural, according to state regulation, published a typical, local telephone directory that contained both yellow and white pages.<sup>22</sup> Rural's white pages "list[ed] in alphabetical order the names of Rural's subscribers, together with their towns and telephone numbers."<sup>23</sup> Feist also produced a telephone directory with yellow and white pages; however, this directory covered a larger geographical area.<sup>24</sup> Both directories were provided free of charge to the public, and both earned revenue exclusively by selling advertisement space in the yellow pages. Thus, Rural and Feist were competing for

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20. *West Pub'g Co. v. Mead Data Cent., Inc.*, 799 F.2d 1219, 1226 (1986). In this case, West Publishing sought to protect its "star pagination" scheme from being added to LEXIS' database. *Id.* at 1222. LEXIS' proposed addition "would insert page numbers from West's National Reporter System publications into the body of LEXIS reports, providing 'jump' or 'pinpoint' citations to the location in West's reporter of the material viewed on LEXIS." *Id.* This addition would allow LEXIS users to know the corresponding page numbers in West's databases without ever making reference to the West publication. *See id.* In coming to the conclusion that the numbering system was copyrightable, the court facially concluded that there existed sufficient originality. However, in perhaps, an unwanted indication of its enthusiasm to maintain the "sweat of the brow" doctrine, the court misstated the legal standard when it said "to meet intellectual-creation requirements a work need only be the product of a modicum of intellectual labor." *Id.* at 1227. This over-zealousness seems to have been kept in mind when the Supreme Court rendered the *Feist* decision. *See infra* note 45 and accompanying text.

21. 499 U.S. 340 (1991). It will later be argued that even after *Feist* "sweat of the brow" has survived. *See infra* note 38 and accompanying text. In fact, it is not entirely wrong that what this Note ultimately argues for in its proposed copyright analysis is a limited revival of "sweat of the brow" protection for software factual compilations. *See infra* note 170 and accompanying text.

22. *See id.* at 342.

23. *Id.*

24. *See id.* at 343.

the same customers.<sup>25</sup> In order to obtain information for its white pages, Feist contacted several public telephone companies and offered to purchase the right to use their white page listings.<sup>26</sup> After being denied access by Rural (the only company to refuse Feist's request), Feist used the listings anyway, reasoning that the information was beyond the scope of copyright protection.<sup>27</sup> Rural sued, claiming that courts historically have held that directories are subject to copyright protection.<sup>28</sup>

The Court in *Feist* recognized the difficulty of this case, stating that "[t]his case concerns the interaction of two well-established propositions. The first is that facts are not copyrightable; the other, that compilations of facts generally are. . . . There is an undeniable tension between these two propositions."<sup>29</sup> The Court indicated, in a famous statement, "[t]he *sine qua non* of copyright is originality," that originality was the answer to resolving this obvious tension.<sup>30</sup> The Court reasoned that although it has always been the "bedrock principle of copyright" that facts fall outside the scope of originality, factual compilations "may possess the requisite originality."<sup>31</sup> However, the Court warned—prefacing its forthcoming decision not to extend copyright protection to telephone listings—that although factual compilations are copyrightable, they are subject to the limitation that "copyright protection may extend only to those components [within the compilation] that are original to the author" and that "[n]o matter how original the format . . . the facts themselves do not become original through association."<sup>32</sup> This limitation, the Court reasoned, "inevitably means that the copyright in

25. *See id.* at 342-44.

26. *See id.* at 343.

27. *See id.* at 343-44.

28. *See id.* Significantly, both the district court and the Tenth Circuit agreed with *Feist* and, in fact, had every reason to do so based upon prior case law. Both the Fourth and Eighth Circuits have recognized that although facts themselves are not copyrightable, a compilation and arrangement of telephone directories may be copyrighted. *See M. Kramer Mfg. Co. v. Andrews*, 783 F.2d 421, 439 (4th Cir. 1986); *Hutchinson Tel. Co. v. Fronteer Directory Co.*, 770 F.2d 128 (8th Cir. 1985).

29. *Feist*, 499 U.S. at 344-45.

30. *Id.* at 345.

31. *Id.* at 347-48 (citing 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.11[A] (1963)).

32. *Id.* at 348-49.

a factual compilation is thin.”<sup>33</sup> The Court resolved the tension by stating:

Copyright treats facts and factual compilations in a wholly consistent manner. Facts, whether alone or as part of a compilation, are not original and therefore may not be copyrighted. A factual compilation is eligible for copyright if it features an original selection or arrangement of facts, but the copyright is limited to the particular selection or arrangement. In no event may copyright extend to the facts themselves.<sup>34</sup>

Having laid the foundation for when factual compilations merit copyright protection, the Court then set out to finally settle the question of whether the “sweat of the brow” doctrine was still viable law. The Court in *Feist* expressly attacked the “sweat of the brow” doctrine and specifically noted that the line of cases following *Jeweler’s Circular Publishing Co.* “had numerous flaws, the most glaring being that it extended copyright protection in a compilation beyond selection and arrangement—the compiler’s original contributions—to the facts themselves,” which the Court said was “flout[ing] basic copyright principles.”<sup>35</sup> The Court acknowledged that “[i]t may seem unfair that much of the fruit of the compiler’s labor may be used by others without compensation” but reiterated that the “primary objective of copyright is not to reward the labor of authors, but ‘[t]o promote the Progress of Science and useful Arts.’”<sup>36</sup> This objective, the Court found, was “neither unfair nor unfortunate.”<sup>37</sup> Having attempted to kill the “sweat of the brow” doctrine,<sup>38</sup> the

33. *Id.* at 349.

34. *Id.* at 350-51.

35. *Id.* at 353-54.

36. *Id.* at 349 (quoting U.S. CONST. art. I, § 8, cl. 8). Arguably, the Supreme Court’s reliance on the constitutional and legislative goals of promoting the progress of science and art as a basis for eliminating the “sweat of the brow” doctrine may prove in the long run to do more harm than good. There is some validity to the argument that progress is actually stimulated as a result of broadening the scope of copyright protection—to include protecting the labor involved in creating factual compilations. See Ginsburg, *supra* note 17.

37. *Feist*, 499 U.S. at 350.

38. As the Court noted, there is a potentially valid argument that the original Copyright Act of 1909 never intended to grant the “sweat of the brow” doctrine life in the first place. See *id.* at 351. The Supreme Court reached that conclusion based solely on its interpretation of the 1909 Act’s language and legislative history, which the Court argues is “ambiguous” and the cause of misleading the lower courts into upholding a “sweat of the brow” analysis. *Id.* at 351. In her revealing article on *Feist*, however, Jane



Court turned its attention to determining whether the telephone directory in question met the Court's established originality test.

The *Feist* Court made clear that even though the Act allows for factual compilations to be copyrightable, they are "not copyrightable *per se*."<sup>39</sup> Instead, the Court indicated that

[t]he statute identifies three distinct elements and requires each to be met for a work to qualify as a copyrightable compilation: (1) the collection and assembly of pre-existing material, facts, or data; (2) the selection, coordination, or arrangement of those materials; and (3) the creation, by virtue of the particular selection, coordination, or arrangement, of an "original" work of authorship.<sup>40</sup>

The Court offered some guidance in applying this tripartite test. The true hurdle with respect to copyrightability of factual compilations, the Court indicated, was whether, by virtue of "selection, coordination, or arrangement," the factual compilation becomes original.<sup>41</sup> This, the Court admitted, however, is not a "particularly stringent" requirement; it does not call for "novelty" but merely that the "selection or arrangement [be independent] (*i.e.*, without copying that selection or arrangement from another work), and that it display some minimal level of creativity."<sup>42</sup>

C. Ginsburg, points out that the Supreme Court still failed to truly destroy the "sweat of the brow" doctrine as several courts since *Feist* have resisted the abolition of a "sweat" or "labor intensive" analysis in order to reprimand sweat theft. See Ginsburg, *supra* note 17, at 340 (referring to *Bellsouth Adver. & Publ'g Corp. v. Donnelley Info. Publ'g, Inc.*, 933 F.2d 952 (11th Cir. 1991) *reh'g granted and vacated*, 977 F.2d 1435 (11th Cir. 1992) where the court found sufficient originality in Bellsouth's organization and arrangement of yellow pages listings—doing so more out of an interest in protecting Bellsouth's "sweat" rather than the actual protectability of the information itself).

39. *Feist*, 499 U.S. at 357 (emphasis added).

40. *Id.*

41. *Id.* at 358.

42. *Id.* As Ginsburg appropriately points out, however, this "minimal creativity" standard "may be of little assistance to compilers who eschew [creative] selectivity in favor of comprehensiveness." Ginsburg, *supra* note 17, at 345. Ginsburg illuminates the significance of such a dilemma when she states:

The [comprehensive] compilation may be most attractive to the user, who need not fear that potentially desirable information has been excluded according to the compiler's perhaps unwanted selection criteria. Yet under *Feist*, this kind of compilation, however useful and sought-after, is most vulnerable to the charge that it lacks originality. *Feist* thus poses the dilemma: How can one achieve original selection within an exhaustive compilation of facts?

If the compilation includes all information within the universe surveyed,

Finally reaching the pivotal issue—namely whether “Feist, by taking 1,309 names, towns, and telephone numbers from Rural’s white pages, [copied] anything that was ‘original’ to Rural”<sup>43</sup>—the Court determined that although the “standard of originality is low . . . it does exist” and in this case “selection, coordination, and arrangement of Rural’s white pages do not satisfy the minimum constitutional standards for copyright protection.”<sup>44</sup> Harkening back to the language of *Jeweler’s Circular Publishing Co.*, the Court held that alphabetized white pages were “devoid of even the slightest trace of creativity” and “lacks the *modicum* of creativity necessary to transform mere selection into copyrightable expression.”<sup>45</sup> To avoid being misapplied, the Court concluded by saying “there is nothing remotely creative about arranging names alphabetically in a white pages directory.”<sup>46</sup>

### B. Federal Preemption of Copyright Claims

Preemption is often the central issue in copyright cases—that is, whether a party’s state law claims are preempted by federal copyright law.<sup>47</sup> As one commentator put it, “many parties accused of misappropriating computer software have urged that the copyright . . . laws . . . preempt the rights of the states to further prohibit the same acts under the rubric of trade secrets law. In particular, the claim is often raised when any allegations of copyright violations have failed.”<sup>48</sup>

The basis for preemption arises out of the Constitution’s Supremacy Clause, which states that the Constitution and “the

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perhaps originality might inhere in the selection of the universe. Although the white pages detail a banal universe—all telephone subscribers within a given geographical area—some other universes might be sufficiently offbeat to be minimally creative. For example, a directory of all American and Canadian manufacturers of toothbrushes with biodegradable bristles seems neither “commonplace” nor “obvious.” The original contribution here therefore would be the identification of the general kind of data to include in an exhaustive compilation. Because copyright inheres in the original contribution, protection would attach to the selected universe.

*Id.* at 345-46.

43. *Feist*, 499 U.S. at 361.

44. *Id.* at 362.

45. *Id.* (emphasis added); see *supra* Part II.A.

46. *Id.* at 363.

47. See *infra* Part IV.A.1.

48. Victoria A. Cundiff, *Protecting Computer Software as a Trade Secret*, 444 PRACTISING L. INST. 7, 76 (1996).

Laws of the United States . . . shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.<sup>49</sup> When Congress passes a federal act, the Supreme Court is often asked to make the determination of what laws are preempted by the federal act in question. This is done by first looking to the express language of the statute itself, as well as the legislative intent.<sup>50</sup> Absent an "express" preemption, as specifically stated in a federal act, the Supreme Court has typically used a three-pronged analysis in making an "implied" preemption determination.<sup>51</sup> The Court has held that implied preemption occurs when (1) the federal regulation is so pervasive that there is no room for state law, (2) the regulation touches a field of law in which the federal interest dominates to the extent that enforcement of any state law is precluded, or (3) the federal and state laws conflict to such a degree that compliance with both is impossible—this is often referred to as "conflict preemption."<sup>52</sup>

With respect to copyright law, Congress has provided a specific preemption section in the Copyright Act itself.<sup>53</sup> Section 301(a) provides that:

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright . . . are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.<sup>54</sup>

This section is clarified by § 301(b), which provides in relevant part that:

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49. U.S. CONST. art. VI.

50. See Cundiff, *supra* note 48, at 76.

51. See *Jones v. Rath Packing Co.*, 430 U.S. 519 (1977) (revealing that there is an "implied" preemption analysis to which the courts may resort, in addition to the express language of the statute, when deciding if preemption is appropriate). See *infra* Part IV.A.2.

52. See *Rice v. Santa Fe Elevator Corp.*, 331 U.S. 218 (1947); *Hines v. Davidowitz*, 312 U.S. 52 (1941); *Pacific Gas & Elec. Co. v. State Energy Comm'n*, 461 U.S. 190 (1983).

53. See 17 U.S.C. § 301 (1994).

54. *Id.* § 301(a).

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

....

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 . . . .<sup>55</sup>

Furthermore, the statute's preemptive reach is not limited to what is clearly preempted under the statutory language, but may also include an "inquiry . . . [into] the general structure and scheme of the Copyright Act."<sup>56</sup> Courts have varied in their preemption analysis under § 301,<sup>57</sup> but none have been as pivotal as *ProCD v. Zeidenberg*.<sup>58</sup>

55. *Id.* § 301(b).

56. Ginsburg, *supra* note 17, at 361.

57. See generally Raymond T. Nimmer, *Federal Preemption in Intellectual Property Law*, 453 PRACTISING L. INST. 95 (1996).

58. 86 F.3d 1447 (7th Cir. 1996). Many times the impact and importance of a particular case does not live up to expectations. *ProCD* is an exception—a case in which there exists substantial justification for academic discussion. One commentator's summary of the primacy of *ProCD* illustrates the case's significance:

The [*ProCD*] decision upholding the enforceability of shrinkwrap licenses is likely to be considered both remarkable and disturbing by academia. The weight of academic commentary prior to *ProCD* argued primarily for a refusal to enforce such agreements or at least parts thereof for diverse reasons. Judicial authority in this area has been quite scant and has yielded no clear cut answer. However, [one commentator] characterizes the precedent that does exist as reflecting a "general refusal of . . . United States courts to enforce shrinkwrap licenses" which brings U.S. law into harmony with that of the many other countries that do not enforce shrinkwrap licenses or do so only with restrictions. The [*ProCD*] decision then seems truly revolutionary, flying in the face of academic thought and, to a lesser extent, the views of other courts.

Maureen A. O'Rourke, *Copyright Preemption after the ProCD Case: A Market-based Approach*, 12 BERKELEY TECH. L.J. 53, 63-64 (1997) (emphasis added) (citations omitted). In fact, O'Rourke had no reservation in describing *ProCD* as "the first of its kind," demonstrating "not only the depth of the division of opinion on [issues of copyright protection and preemption], but also the compelling policy arguments on each side." *Id.* at 55. For purposes of this Note, what makes *ProCD* so pivotal is that "[c]ommentators and courts have never definitively resolved the question of whether a breach of contract claim in which the act which constitutes breach is also the act which would infringe the copyright is preempted." *Id.* at 76. See *infra* Part IV.C (identifying other reasons in which *ProCD* is a pivotal case, worthy of scrutiny).

III. *PROCD, INC. V. ZEIDENBERG*A. *The Facts*

The plaintiff, ProCD, compiled information from over 3,000 telephone directories into a computer database,<sup>59</sup> which contained over 95,000,000 residential and commercial listings.<sup>60</sup> This database was then compressed on to CD-ROM discs, labeled SelectPhone™, and offered for sale to the public.<sup>61</sup> Since the compiled information was encrypted<sup>62</sup> when compressed on to the CD-ROM, ProCD included in its software package a copyrighted program that enabled the user to search the database according to different types of criteria (i.e. name, address, telephone number, zip code, census industrial codes, etc.).<sup>63</sup> Users were then able to read the retrieved listings and could even download the search result into other software programs, such as a word processor.<sup>64</sup>

ProCD's SelectPhone™ database cost over \$10 million to compile, not including the additional costs of keeping the database current.<sup>65</sup> Besides being available to manufacturers and

59. See *ProCD*, 86 F.3d at 1449.

60. See *ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640, 644 (W.D. Wis. 1996), *rev'd*, 86 F.3d 1447 (7th Cir. 1996).

61. See *ProCD*, 86 F.3d at 1449.

62. See *id.* Although the Seventh Circuit found that the database was "encrypted" and then compressed on to the CD-ROM, it is unclear from the record whether the database was actually encoded rather than encrypted. In ProCD's Amended Complaint the database and compression process is described as follows:

ProCD places its data on CD-ROM discs through a unique compression technique proprietary to ProCD. This compression process is critical because it permits ProCD to place enormous amounts of data onto a CD-ROM disc. To compress the data, ProCD translates the words, letters and numbers into code and then puts the code onto the CD-ROM disc. The only way to access the data in readable form is through the use of ProCD's proprietary and copyrighted software.

Appellant's Amended Complaint at 5, *found in Record Appendix in Support of Brief of Appellant* at 9, *ProCD*, 86 F.3d 1447 (No. 96-1139). The issue of whether the database was encrypted or encoded may be significant when it comes to determining whether Zeidenberg copied more than just the bare telephone listings. This issue, however, was unfortunately ignored by the Seventh Circuit.

63. See *ProCD*, 86 F.3d at 1449.

64. See *id.*

65. See *id.* According to ProCD's attorney, Lauren C. Panora of the Boston based firm Hale and Dorr, the actual cost of gathering the information was around \$5 million, implying that the Court's "\$10 million" figure may be including the compressing of the CD-ROM discs as well. Telephone Interview with Lauren C. Panora, Associate Attorney, Hale and Dorr (Oct. 28, 1996).

retailers, SelectPhone™ was sold to the general public through mass-marketed software packages as well as through America Online.<sup>66</sup> In an effort to further protect its investment, ProCD turned not only to copyright, but also “to the institution of contract” through shrinkwrap licensing of its product.<sup>67</sup> The license agreement, which was contained on every box sold, was also encoded on the CD-ROM discs, printed in the user’s manual, and appeared on a user’s screen while the software was running.<sup>68</sup> The license prohibited users from using the program and listings for commercial purposes.<sup>69</sup>

The defendant, Matthew Zeidenberg, purchased a package of SelectPhone™ from a Wisconsin retailer.<sup>70</sup> Having made the conscious decision to ignore ProCD’s license agreement,<sup>71</sup> Zeidenberg downloaded data from SelectPhone™, created his own search engine to allow users to access the data, and then made it available to the public via the Internet.<sup>72</sup> Zeidenberg’s new creation only allowed users to conduct searches based on name or standard industrial code, whereas ProCD’s program allowed several individual field searches or any combination thereof.<sup>73</sup> ProCD, upon learning of Zeidenberg’s actions, sought a preliminary injunction and brought claims of federal copyright infringement, state-law breach of contract, misappropriation, unfair competition, and violation of the Wisconsin Computer Crimes Act.<sup>74</sup> The district court held that under *Feist*, ProCD’s data was not copyrightable and that even though Zeidenberg copied the entire program—including ProCD’s copyrighted search engine—to his hard drive, such a copy was permitted under 17 U.S.C. § 117 as it was an “essential step” in utilizing the computer program.<sup>75</sup> The district court held that all of the

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66. See *ProCD*, 86 F.3d at 1449. Customers using SelectPhone™ on America Online are charged approximately \$3 per hour. See *id.*

67. *Id.* at 1450.

68. See *id.*

69. See *id.*

70. See *ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640, 645 (W.D. Wis. 1996), *rev’d*, 86 F.3d 1447 (7th Cir. 1996).

71. In his deposition, Zeidenberg admitted concluding that he was free to copy the compiled information from the CD-ROM discs. See Record Appendix in Support of Brief of Appellant at 147-67, *ProCD*, 86 F.3d 1447 (No. 96-1139).

72. See *ProCD*, 908 F. Supp. at 645.

73. See *id.*

74. See *id.* at 647-60.

75. See *id.* at 648-49. The full text of 17 U.S.C. § 117 consists of the following:

state-law claims were preempted by the federal copyright claim under 17 U.S.C. § 301 and thus ruled in favor of the defendant on all claims.<sup>76</sup> The Seventh Circuit reversed the district court, holding that although the data itself was probably not copyrightable the license agreement was valid and not preempted by federal copyright law.<sup>77</sup>

### B. *The Court's Reasoning*

Although recognizing that the district court was faced with many issues, the Seventh Circuit stated that there were really only two issues to decide: (1) whether ProCD's license agreement constituted a binding contract and (2) if the license agreement was valid, whether federal copyright law preempted enforcement of the license agreement.<sup>78</sup> Addressing the first issue, the court applied the common law of contracts and the Uniform Commercial Code to reach the conclusion that "one of the terms to which Zeidenberg agreed by purchasing [ProCD's] software is that the transaction was subject to a license [agreement]."<sup>79</sup> Furthermore, the court reasoned that Zeidenberg could be bound by the license agreement—despite the fact that the user becomes aware of the license only after opening the software package—because "[n]otice on the outside, terms on the inside, and a right to return the software for a refund if the terms are unacceptable (a right that the license expressly extends), may be

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Notwithstanding the provisions of section 106, it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program provided:

- (1) that such a new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner, or
- (2) that such new copy or adaptation is for archival purposes only and that all archival copies are destroyed in the event that continued possession of the computer program should cease to be rightful.

Any exact copies prepared in accordance with the provisions of this section may be leased, sold, or otherwise transferred, along with the copy from which such copies were prepared, only as part of the lease, sale, or other transfer of all rights in the program. Adaptations so prepared may be transferred only with the authorization of the copyright owner.

17 U.S.C. § 117 (1994).

76. See *ProCD*, 908 F. Supp. at 662.

77. See *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1449, 1454-55 (7th Cir. 1996).

78. See *id.* at 1449.

79. *Id.* at 1450.

a means of doing business valuable to buyers and sellers alike.<sup>80</sup> Responding to Zeidenberg's contention that the license was invalid because the terms of the agreement were inconspicuous, the Court believed itself bound to uphold the license agreement since Zeidenberg could not provide any case law that held, under the UCC, that "ordinary terms found in shrinkwrap licenses require any special prominence, or otherwise are to be undercut rather than enforced."<sup>81</sup>

More important for purposes of this Note is the court's reasoning with respect to preemption. The court held that § 301 of the Copyright Act did not preempt ProCD's contract claim.<sup>82</sup> Despite being uncopyrightable, the court determined that because the data itself was "within the subject matter of copyright" and since the rights created by contract are not "equivalent to any of the exclusive rights within the general scope of copyright," preemption did not apply.<sup>83</sup> The court found that "copyright is a right against the world" whereas contracts only affect the rights of their parties.<sup>84</sup> The court, in dicta, seemed to be gently inflating the protective balloon of "sweat of the brow," stating that its ruling in *ProCD* did not prevent anyone from copying themselves "all 3,000 telephone books" and creating their own competitive database.<sup>85</sup>

#### IV. ANALYSIS

The analysis section of this Note consists of three parts. The first part argues that, after finding ProCD's database uncopyrightable, the court erroneously held that ProCD's state law claims were not preempted under federal copyright law. Not only will it be shown that preemption should have been found

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80. *Id.* at 1451.

81. *Id.* at 1453.

82. *See id.* at 1453-55.

83. *Id.* at 1453-54 (relying on three recent cases: *National Car Rental Sys., Inc. v. Computer Assocs. Int'l, Inc.*, 991 F.2d 426 (8th Cir. 1993), *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488 (5th Cir. 1990), and *Acorn Structures, Inc. v. Swantz*, 846 F.2d 923 (4th Cir. 1988)).

84. *Id.* at 1454.

85. *Id.* at 1455. It must be recognized, however, that the court is attempting to revive "sweat of the brow" protection through contract rather than copyright law. This Note contends that the "sweat of the brow" doctrine exists in both copyright and contract law. Further, the Seventh Circuit in *ProCD* should have recognized the continued yet diminished existence of "sweat of the brow" in current copyright jurisprudence. *See infra* Part IV.B.



under the express language of 17 U.S.C. § 301, but also that, at the very least, the court should have found preemption under an implied preemption analysis. The second part shows how the court could have reached the same, correct result—as to liability—by finding copyright protection for ProCD's factual compilation under current copyright law pursuant to the Supreme Court's *Feist* decision. In doing so, the court could have avoided making an end run around copyright by resorting to state law.<sup>86</sup> The final part answers the question: If the court in *ProCD* reached the right result as to liability, why does it matter whether it was obtained through federal copyright law or state contract law?

*A. The Court in ProCD Wrongfully Held That ProCD's State Law Claims Were Not Preempted by Federal Copyright Law*

*1. Preemption under 17 U.S.C. § 301*

Under § 301(a), the Copyright Act preempts any legal or equitable state law rights if the following elements are present: (1) The state law rights "are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression"; and (2) The work in question must "come within the subject matter of copyright as specified by sections 102 and 103."<sup>87</sup> Although it seems a natural conclusion, § 301(b) indicates in relevant part that if the state law rights are not equivalent to § 106 rights<sup>88</sup> or if the work in question is not within the subject matter of copyright, then there is no preemption.<sup>89</sup>

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86. This Note recognizes that these first two parts are mutually exclusive arguments. It addresses preemption only after making the decision of whether copyright protection exists. Taken to their logical end, this Note's arguments reveal that the court in *ProCD* should never have reached the preemption question, but instead should have found copyright protection to begin with. Thus, the court in *ProCD* technically erred twice: first when it failed to find copyright protection of the factual compilation, and second when it circumvented federal preemption through state law remedies after finding no copyright protection.

87. 17 U.S.C. § 301(a) (1994).

88. Section 106 of the Copyright Act lists reproduction, adaptation, publication, performance, and display as the "bundle of rights" exclusively given to copyright owners. *Id.* § 106 (amended 1995).

89. *See id.* § 301(b)(1) & (3).

a. *Factual compilations, whether copyrightable or not, fall within the subject matter of copyright as specified by §§ 102 and 103 of the Copyright Act.* Taking the second prong of the above test first, the Court in *ProCD* does little more than acknowledge its presence.<sup>90</sup> This prong is not at issue with respect to ProCD's software or search engine program—these are definitely within the subject matter of copyright. The real question is whether factual data or compilations are within the subject matter of copyright regardless of whether the data is or is not copyrightable on its face.<sup>91</sup> While it is true that § 103 includes within the subject matter of copyright factual compilations and derivative works, it does not, however, indicate whether these works must be copyrightable.<sup>92</sup>

Looking to recent case law, as well as the legislative intent of § 301, it is plain that uncopyrightable factual compilations are within the subject matter of copyright. In the leading case *Baltimore Orioles, Inc. v. Major League Baseball Players Association*—ironically also a Seventh Circuit decision—the issue was whether major league baseball clubs were the exclusive owners of the television rights of the performances of the players during games.<sup>93</sup> The players contended that they had a state law right in the publicity of their own performances, but the clubs contended that federal copyright law preempted the players' state law claims.<sup>94</sup> The court rejected the players' assertion that because their performances were not copyrightable, they were not within the subject matter of copyright.<sup>95</sup> The Court stated that "Congress contemplated that '[a]s long as a work fits within one of the general subject matter categories of section 102 and 103 . . . [§ 301(a)] prevents the States from protecting it *even if it fails to achieve Federal copyright because it is too minimal or lacking in originality to qualify.*'"<sup>96</sup> In a subsequent footnote the

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90. See *ProCD*, 86 F.3d at 1453.

91. See *id.*

92. See 17 U.S.C. § 103.

93. 805 F.2d 663, 665 (7th Cir. 1986).

94. See *id.*

95. See *id.*

96. *Id.* at 676 (emphasis added) (misquoting H.R. REP. NO. 94-1476, at 131 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5747 (the court's opinion should read "[a]s long as a work fits within one of the general subject matter categories of sections 102 and 103, . . . [§ 301(a)] prevents the States from protecting it even if it fails to achieve Federal statutory copyright . . . .").

Court explained that the reason § 301(a) preempts works that are not copyrightable but fall within the general category of copyright "is to prevent the states from granting protection to works which Congress has concluded should be in the public domain."<sup>97</sup>

Commentators have attempted to refute the notion that § 301(a) applies to noncopyrightable works; however, this argument is based on the weak assumption that a factual compilation may not be a "writing" of an "author."<sup>98</sup> Yet, this argument addresses the question of whether something is a "work[] of authorship" and not whether it falls within the subject matter of copyright.<sup>99</sup> Ultimately, §§ 102 and 103 mandate that factual compilations are included in the list of original works of authorship.<sup>100</sup>

*b. ProCD's state law claims are rights equivalent to the exclusive rights of copyright and are therefore preempted under § 301 of the Copyright Act.* Although the "subject matter of copyright" prong is not a significant hurdle, the first prong—whether a state law right is equivalent to rights protected under copyright—is a much more complex analysis. Typically, a court must analyze whether each specific state law claim is attempting to exert a right that is exclusively within the general scope of copyright.<sup>101</sup> In *Baltimore Orioles*, the Seventh Circuit determined that a right is equivalent to an exclusive right set forth in § 106 "if it 'is infringed by the mere act of reproduction, performance, distribution or display.'"<sup>102</sup> As the district court in *ProCD* stated, in order to avoid preemption a party must be able to show that the state law claim incorporates an "'extra element' beyond those necessary to prove copyright infringement."<sup>103</sup> This "extra element" requirement demands "more than the mere existence of an extra element. . . . It requires an extra element that makes

97. *Id.* at 676 n.23.

98. See, e.g., Ginsburg, *supra* note 17, at 365.

99. See *ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640, 656 (W.D. Wis. 1996), *rev'd*, 86 F.3d 1447 (7th Cir. 1996).

100. See *id.* (describing that §§ 102 and 103 of the Copyright Act list as works of authorship literary works, musical works, dramatic works, and other works including factual compilations).

101. See *id.* at 656-62.

102. *Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, 677 (7th Cir. 1986) (quoting *NEMER supra* note 31, § 1.01 [B][1]).

103. *ProCD*, 908 F. Supp. at 657 (citing *Trandes Corp. v. Guy F. Atkinson Co.*, 996 F.2d 655, 659 (4th Cir. 1993)).

the state law claim qualitatively different from the underlying copyright claim.<sup>104</sup>

(1) *ProCD's contract claim does not display a qualitatively different extra element, but merely asserts a right that is equivalent to the exclusive rights within the scope of copyright and is therefore preempted.* Although it stated the correct "extra element" standard, the Seventh Circuit ruled that ProCD's contract claim was not preempted and did so based on erroneous application of three courts of appeals decisions.<sup>105</sup> In the first decision, *National Car Rental System, Inc. v. Computer Associates International, Inc.*,<sup>106</sup> the plaintiff, a creator and licensor of software, licensed the defendant, National, to use its software for internal operations and for processing defendant's data only.<sup>107</sup> National, however, had been using the software to process the data of third parties in addition to its own data.<sup>108</sup> National contended that the plaintiff's contract claims were preempted by § 301 of the Copyright Act.<sup>109</sup> The court correctly held that the contract claim was not preempted because the contractual limits placed on National were not restricting "reproduction, performance, distribution or display" of the software—which are the exclusive rights protected by copyright.<sup>110</sup> The court also found that the contract in *National Car* created an "extra element"—the agreement by both parties to use the software to process internal data, but not to process the data of another.<sup>111</sup> At no time did the contract attempt to restrict National from copying or redistributing the software; this was left, as it should be, to copyright protection.<sup>112</sup> This contractual restriction on the use of the software constituted the "extra ele-

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104. *Id.* at 657-58 (citing *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1164 (1st Cir. 1994)).

105. See *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1454 (7th Cir. 1996) (referring to *National Car Rental Sys., Inc. v. Computer Assocs. Int'l, Inc.*, 991 F.2d 426 (8th Cir. 1993), *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488 (5th Cir. 1990), and *Acorn Structures, Inc. v. Swantz*, 846 F.2d 923 (4th Cir. 1988)).

106. 991 F.2d 426 (8th Cir. 1993).

107. See *id.* at 427-28.

108. See *id.* at 428.

109. See *id.* at 430-31.

110. *Id.* at 431.

111. See *id.*

112. See *id.* at 431-35. Professor Nimmer, in 2 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* § 8.11[A] (1963), supports this assertion stating that "[i]nfringement of [the distribution] right requires an actual dissemination of either copies or phonorecords [sic]."

ment" needed to avoid preemption.<sup>113</sup> ProCD, on the other hand, attempted through its contract claim to restrict users from copying or distributing the software. Evidence that this assertion is true is found in the actual language of the "user warning" and license agreement which, in relevant part, states:

The listings on this product are licensed for authorized users only. The user agreement provides that *copying* of the software and the data may be done only for individual or personal use and that *distribution, sublicense or lease of the software or the data is prohibited*. The agreement provides expressly that:

[Y]ou will not make the Software or the Listings in whole or in part available to any other user in any networked or time-shared environment, or transfer the Listings in whole or in part to any computer other than the computer used to access the Listings.<sup>114</sup>

ProCD's contract did not attempt to bind the user in any way that differed from the same rights it was given under copyright. The court in *ProCD* failed to recognize this key distinction between the two cases.<sup>115</sup>

The next case, *Taquino v. Teledyne Monarch Rubber*, also can easily be distinguished.<sup>116</sup> In *Taquino*, plaintiff's contractual agreement provided a "covenant not to compete" clause that the Court correctly held was not equivalent to reproduction and distribution rights under copyright law and therefore did not preempt a claim under breach of contract.<sup>117</sup> As in *National Car*, a covenant not to compete is a sufficient "extra element" because it does not attempt to keep the party from unlawfully copying or distributing a copyrighted product—which ProCD's agreement did attempt to do.<sup>118</sup>

The third case provides even weaker support for the *ProCD* court's failure to find preemption. In *Acorn Structures, Inc. v.*

113. See *National Car*, 991 F.2d at 431.

114. *ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640, 645 (W.D. Wis. 1996) (emphasis added), *rev'd*, 86 F.3d 1447 (7th Cir. 1996).

115. See *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1454 (7th Cir. 1996) (stating that *National Car's* preemption ruling was sound precedent for holding that ProCD's contract claim was also not preempted).

116. 893 F.2d 1488 (5th Cir. 1990).

117. See *id.* at 1501.

118. See *National Car*, 991 F.2d at 431.

*Swantz*,<sup>119</sup> an architect drafted house plans for the defendant, a customer, and after the customer used the plans without paying for them, the architect brought suit for, inter alia, breach of contract.<sup>120</sup> The Court held that this claim was not preempted because it did not arise out of the subject matter of copyright.<sup>121</sup> In *ProCD*, the Court was not dealing with a breach of contract claim arising out of a fact scenario where Zeidenberg, the defendant, failed to pay ProCD for its software. In relying on *Acorn*, the Court was clearly grasping for some justification for not preempting ProCD's contract claim that asserted rights exactly equivalent to those secured under copyright law.

Further support for preempting ProCD's contract claim stems from an issue ignored by the Court—the fact that in *ProCD* the contract at issue was a “mass-marketed” software agreement. The significance of this may not, at first glance, be apparent. However, when the Court made its preemption ruling, it did so on the assertion that ProCD's license agreement exhibited an “extra element” because there was an agreement; but the agreement was made between parties who knew one another and not between strangers—which the Court saw as important since copyright rights are “rights that restrict the options of persons who are strangers to the author.”<sup>122</sup> The Court also argued that “copyright is a right against the world” while “[c]ontracts, by contrast, generally affect only their parties.”<sup>123</sup> The fact that it was a “mass-marketed” software agreement, however, reduces the strength of the Court's preemption argument. A typical “mass-marketed” software package is distributed nationwide—or even worldwide. In all practicality, the agreement is nothing less than a contract exerting a right against all the world, especially since no contractual negotiations ever occur in the mass-marketed software realm. Ignoring this issue, and thus failing to preempt ProCD's contract claim, results in exactly what the Court claimed it was not doing: “adopting a rule that anything with the label ‘[computer software] contract’ is necessarily outside the preemption clause.”<sup>124</sup>

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119. 846 F.2d 923 (4th Cir. 1988).

120. *See id.* at 924.

121. *See id.* at 926.

122. *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1454 (7th Cir. 1996).

123. *Id.*

124. *Id.* at 1455.

With such a broad ruling, copyright protection is expanded to areas that the Supreme Court and the Legislature specifically exempted from being protected—factual compilations of facts or ideas.<sup>125</sup>

The final argument for preemption of breach of contract claims was well stated in *Wolff v. Institute of Electrical and Electronics Engineers, Inc.*<sup>126</sup> In *Wolff*, a photographer granted a magazine publisher permission for the one-time use of a particular photograph.<sup>127</sup> The publisher used the photograph twice and the photographer sued the publisher alleging copyright infringement and breach of contract.<sup>128</sup> The court held that the photographer's breach of contract claim was preempted by § 301 of the Act.<sup>129</sup> In making its preemption ruling, the court argued that the legislative history of § 301 revealed that Congress intended to preempt breach of contract claims that sought to circumvent federal copyright law.<sup>130</sup> For the court, the crucial part of the Act's history was in what was omitted from, rather than written in, § 301 of the Act. The Senate's version of § 301 originally contained language expressly excluding preemption of breach of contract claims.<sup>131</sup> However, this limiting language was specifically deleted before passage of the Act.<sup>132</sup> The court viewed this omission as purposeful and as evidence of the Act's intent to preempt contract claims that seek to equivocate those rights protected under federal copyright law.<sup>133</sup> This same line of reasoning should have been applied in *ProCD*. The "omitted language" argument is especially persuasive after the Supreme Court's ruling in *Russello v. United States*.<sup>134</sup> In *Russello*, the Court held that "[w]here Congress includes limiting language in an earlier version of a bill but deletes it prior to enactment, it may be presumed that the limitation was not intended."<sup>135</sup>

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125. See, e.g., *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991).

126. 768 F. Supp. 66 (S.D.N.Y. 1991).

127. See *id.* at 67.

128. See *id.*

129. See *id.* at 69.

130. See *id.*

131. See *id.*

132. See *id.*

133. See *id.*

134. 464 U.S. 16 (1983).

135. *Id.* at 23-24.

(2) *ProCD's misappropriation claim is likewise preempted.* Since the Seventh Circuit ruled that *ProCD's* contract claim was not preempted, it did not reach the question of whether *ProCD's* misappropriation claim was preempted. However, a brief analysis is appropriate. Aside from the same legislative history arguments addressed above,<sup>136</sup> courts faced with deciding the question of preemption of misappropriation claims have turned to case law and "extra element" analysis similar to that used in breach of contract claims.<sup>137</sup>

The majority of courts have consistently held that misappropriation claims are preempted by copyright law.<sup>138</sup> In those rare cases in which the court held that misappropriation was not preempted, the successful party was able to show the existence of the "extra element" of either (1) breach of confidentiality or (2) misleading the public as to the origin of the product under a "palming off" claim.<sup>139</sup> The Court in *ProCD* would have had no choice but to preempt *ProCD's* misappropriation claim since neither breach of confidentiality nor palming off was at issue.

## 2. *Preemption under an implied preemption analysis*

The above discussion clearly demonstrates that state law claims that seek to extend the same protections as federal copyright law are explicitly preempted under § 301; however, even if

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136. See *supra* text accompanying notes 130-35. As was the case with breach of contract claims, misappropriation claims were likewise in the original Senate version of the Act, but later were also omitted. See *Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663, 676 n.25 (7th Cir. 1986) (discussing the legislative history of the act and its specific exclusion of misappropriation claims from the list of claims not considered equivalent to federal copyright law).

137. See *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1164-65 (1st Cir. 1994).

138. See, e.g., *American Movie Classics Co. v. Turner Entertainment Co.*, 922 F. Supp. 926 (S.D.N.Y. 1996); *Universal City Studios v. T-Shirt Gallery, Ltd.*, 634 F. Supp. 1468 (S.D.N.Y. 1986); *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523 (S.D.N.Y. 1986); *Videotronics, Inc. v. Bend Elecs.*, 564 F. Supp. 1471 (D. Nev. 1983); NIMMER, *supra* note 31, § 1.01[B][1][f][iii] (stating that "misappropriation is but another label for reproduction, and as such, is a preempted right 'within the general scope of copyright' under Section 301(a)") (footnote omitted). Additionally, Nimmer lists nearly 20 cases that held misappropriation claims preempted. See *id.* at n.156.

139. See *Data Gen. Corp.*, 36 F.3d at 1165; *Wilson v. Mr. Tee's*, 855 F. Supp. 679, 684 (D.N.J. 1994). The doctrine of "palming off" is defined as "the conduct of selling goods as the goods of another or doing business as the business of another such that the public is misled by the conduct and believes it is purchasing the goods of another or doing business with someone other than the actual seller." BLACK'S LAW DICTIONARY 1110 (6th ed. 1990).



this were not the case, implied preemption would necessitate the same conclusion. The elements of an implied preemption analysis are disjunctive rather than conjunctive. This means that a claimant need only show that one of the elements exists in order for implied preemption to take hold. Recall, therefore, that in order for ProCD's claims to be preempted it must be shown that either (1) the federal regulation is so pervasive that there is no room for state law, (2) the regulation touches a field of law in which the federal interest dominates to the extent that enforcement of any state law is precluded, or (3) the federal and state laws conflict to such a degree that compliance with both is impossible.<sup>140</sup>

a. *ProCD's claims could not have been preempted under the "pervasive federal regulation" or "dominant federal interest" prongs of implied preemption analysis.* Although federal copyright protection is both pervasive and dominant, it does not reach the level required under prongs one or two of implied preemption.<sup>141</sup> In order for ProCD's claims to be preempted under either of the first two prongs of implied preemption, federal copyright law would have to be so pervasive and dominant that no other protections can exist simultaneously.<sup>142</sup> The very fact that many courts have allowed, and continue to allow, state law claims in addition to copyright infringement claims indicates that copyright law does not entirely foreclose state remedies.<sup>143</sup>

b. *ProCD's claims should have been preempted under an implied "conflict preemption" analysis.* However, unlike prongs one and two, implied preemption's third prong does apply. Under a "conflict preemption" analysis, ProCD's state law claims should have been preempted.<sup>144</sup> Ginsburg correctly states that the crux of the "conflict" analysis is simply that, in a field such as copyright—where "Congress has occupied the field of information protection: [meaning] copyright covers the presentation of information (selection and arrangement), and [does not allow any law to protect] the information content itself"—if a state law

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140. See discussion *supra* Part II.B.

141. See *supra* note 52 and accompanying text.

142. See *id.*

143. See *id.*

144. See *supra* note 86 and accompanying text.

attempts to protect unprotectable information, it is in conflict with federal copyright law and therefore preempted.<sup>145</sup>

Applying this analysis to *ProCD*, it is apparent that the court erred in not preempting ProCD's state law claims. The court, before deciding on the preemption issue, acknowledged that although ProCD's search engine software was copyrightable, the listings themselves were not.<sup>146</sup> By admitting that ProCD's factual compilations were not copyrightable, the court undermined the credibility of its preemption decision. Logically, if ProCD's listings were uncopyrightable, any attempt by ProCD to restrict distribution or copying of those listings would be an attempt to exert rights equivalent to, but unavailable under, copyright. And, if the listings were within the subject matter of copyright—which the court did not refute<sup>147</sup>—then it is practically per se preemption if a party attempted, as ProCD did, to secure equivalent rights through contract law as those rights that are secured under copyright.<sup>148</sup> Exploring this type of per se preemption, David Rice, a Rutgers School of Law Professor, asserts that copyright preemption law “clearly requires preemption of contract-based protection of expression *as* expression where the effect is to secure rights in that expression which are greater than, equal to, or supplemental of those which Section 106 secures.”<sup>149</sup> Rice goes on to condemn a contract such as ProCD's, stating that it merely “creates for copyrightable expression contained in computer programs a contract-based shield against reproduction or preparation of a derivative work, free of having to prove [copyright] infringement and without the durational limits of copyright.”<sup>150</sup>

What the court has done with such a ruling is place Zeidenberg in the conflicting position of being liable, under state law, for actions it interpreted under federal law to be lawful. Under *ProCD*'s faulty reasoning, if Zeidenberg copies the factual

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145. Ginsburg, *supra* note 17, at 361.

146. See *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1449 (7th Cir. 1996).

147. See *id.* at 1453.

148. See *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 269-70 (5th Cir. 1988) (holding that a contract attempting to eliminate a right expressly granted under 17 U.S.C. § 117 of the Copyright Act was preempted).

149. David A. Rice, *Public Goods, Private Contract and Public Policy: Federal Preemption of Software License Prohibitions Against Reverse Engineering*, 53 U. PITT. L. REV. 543, 614 (1992).

150. *Id.* at 615.

data he is safe under federal copyright law, but is liable under state contract law. On the other hand, if Zeidenberg does not copy the data then he avoids liability under state law, but fails to receive the benefit of federal copyright law's allowance of copying uncopyrightable matter. This intolerable conflict should have engaged federal preemption of ProCD's state law claims.<sup>151</sup>

### B. Applying the Supreme Court's *Feist* Analysis to ProCD

The fact that ProCD invested so much time and money in producing its software and database, only to have an individual such as Zeidenberg eschew having to do any research on his own, copy the database, and then offer it over the Internet, is to many a dismaying occurrence.<sup>152</sup> However, after initially finding the database uncopyrightable, the appropriate remedy was not for the court to make an end run around the preemption doctrine to find protection through state law claims. Instead, the court should have been willing to make a much more thorough analysis under existing copyright law, which would have resulted in a finding that ProCD's database was copyrightable and thus protected. This section outlines what should have been the result—through application of the Supreme Court's *Feist* decision—had the *ProCD* court not been so eager to dismiss the copyrightability of ProCD's factual compilation.

Neither the district court nor the Seventh Circuit attempted to apply a *Feist* analysis to ProCD's copyright claim.<sup>153</sup> The Seventh Circuit, however, appeared to have desired to engage in such analysis, but refused. In dicta, the court stated that “[w]e may assume that [ProCD's] database cannot be copyrighted, although it is more complex, contains more information (nine-digit zip codes and census industrial codes), is organized differ-

151. See *supra* text accompanying note 51.

152. See, e.g., Miller, *supra* note 12, at 523 (indicating that such occurrence “is a frightening prospect for . . . those publishers of existing databases who are seeking ways to protect the substantial investment that they have made in collecting and compiling factual information”).

153. Both courts make only superficial reference to *Feist* and both appeared unwilling to enter a copyright analysis despite the stark difference between ProCD's multifaceted computer listings database and Rural's basic telephone white pages. See *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1449 (7th Cir. 1996) (choosing to ignore an analysis under *Feist*); *ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640, 646 (W.D. Wis. 1996) (stating the ProCD has no copyright protection, and “[i]f this result seems perverse, the remedy lies with Congress”), *rev'd*, 86 F.3d 1447 (7th Cir. 1996).

ently, and therefore is more original than the single alphabetical directory at issue in *Feist*.<sup>154</sup> The court was touching upon the significant difference between ProCD's database and Rural's telephone directory—namely, ProCD's database meets the Supreme Court's originality requirement.<sup>155</sup> The test to determine if ProCD's factual compilation is copyrightable is a three-pronged test.<sup>156</sup> First, there must be a "collection and assembly of pre-existing material, facts, or data."<sup>157</sup> It is undisputed that ProCD collected and assembled millions of residential and commercial names, addresses, phone numbers, zip codes, and industry or SIC codes.<sup>158</sup> The second and third prongs must be considered simultaneously—they require "the selection, coordination, or arrangement of [the collected and assembled data]" which results in an "original work of authorship."<sup>159</sup>

The second and third prongs are the heart of the "originality" requirement. The Supreme Court ruled that "the selection, coordination, and arrangement of Rural's white pages do not satisfy the minimum [originality] standard,"<sup>160</sup> despite the fact that this "originality requirement is not particularly stringent . . . [and] requires only that the author make the selection or arrangement independently . . . and that it display some minimal level of creativity."<sup>161</sup> The reasoning of the *Feist* Court was that a telephone directory that merely "list[ed] [data] alphabetically by surname" [was] a "selection of a sort but it lack[ed] the modicum of creativity necessary to transform mere selection into copyrightable expression."<sup>162</sup> Applied to ProCD's compilation, it is obvious that ProCD made its database independently—it did not copy another's computer software database.<sup>163</sup>

Therefore the only question remaining is: what satisfies the Supreme Court's "modicum of creativity" test? The Court, in obvious fashion, acknowledged that "no creativity" is not enough

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154. *ProCD*, 86 F.3d at 1449.

155. See discussion *supra* Part II.A.2.

156. See *supra* text accompanying note 40.

157. *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 357 (1991).

158. See *ProCD*, 908 F.2d at 644-46 (stating the undisputed facts).

159. *Feist*, 499 U.S. at 357.

160. *Id.* at 362.

161. *Id.* at 358.

162. *Id.* at 362.

163. Indicating the insignificance of this first requirement in *Feist*, the Supreme Court stated that "the first requirement does not seem to tell us much" and that the only thing that "makes it significant is that it is not the sole requirement." *Id.* at 357.

to be a modicum.<sup>164</sup> The Court also stated, however, that “[t]o be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, ‘no matter how crude, humble or obvious’ it might be.”<sup>165</sup> It is more than arguable that ProCD exhibited the “modicum of creativity” required for originality. ProCD’s database was not merely compiled “alphabetically by surname” as Rural’s was in *Feist*. Nor was the compilation merely an “arrangement of facts . . . so mechanical or routine as to require no creativity whatsoever,” which the Supreme Court stated was insufficient for copyright protection.<sup>166</sup> Instead, it was a database of names, addresses, telephone numbers, zip codes, and census industrial—or SIC—codes and was compiled in multiple alphabetical forms (by surname, first name, or any other name), numerically, by codification according to zip and/or SIC codes, or by any combination of the above.<sup>167</sup> Unlike Rural’s directory, ProCD’s “selection, coordination, or arrangement” of its compilation cannot be criticized as “an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course.”<sup>168</sup> To the contrary, ProCD’s computer database is sufficiently creative to satisfy the originality requirement and thus invoke factual compilation copyright protection.<sup>169</sup> In conclusion,

164. *See id.*

165. *Id.* at 345 (quoting *NIMMER*, *supra* note 31, § 1.08[C](1)).

166. *Id.* at 362.

167. *See ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1449-50 (7th Cir. 1996).

168. *Feist*, 499 U.S. at 363.

169. The Supreme Court in *Feist* dedicated over six pages of its opinion to outlining the minimalistic nature of copyright’s “creativity” requirement. *See id.* at 345-51. The court in *ProCD* should have seen this as opening the doors of copyright protection rather than closing them. In essence, if a factual compilation can be distinguished in any manner from Rural’s white pages, at issue in *Feist*, then the argument that creativity is met has merit. The language of such an argument could well be taken from *Feist* itself:

Factual compilations . . . may possess the requisite originality. The compilation author typically chooses which facts to include, in what order to place them, and how to arrange the collected data so that they may be used effectively by readers. These choices as to selection and arrangement, so long as they are made independently by the compiler and entail a minimal degree of creativity, are sufficiently original that Congress may protect such compilations through the copyright laws. Thus, even a directory that contains absolutely no protectible written expression, only facts, meets the constitutional minimum for copyright protection if it features an original selection or arrangement.

ProCD's database is sufficiently creative because it is more than the white pages at issue in *Feist*—in substance it has more than mere names, addresses and phone numbers, and is arranged in a manner unlike any telephone book or listing.<sup>170</sup>

An additional argument that ProCD's database is copyright protected may best be called the "selective universe" argument. Certainly, ProCD's database is, as Ginsburg describes, a "sufficiently offbeat [database] to be minimally creative," because although it may contain "all telephone subscribers within a given geographical area" it is not a banal "white pages" directory.<sup>171</sup> In essence, ProCD achieves sufficient creativity in its selection of data to be listed. Because ProCD chose not to provide all listings within the universe, it has arguably exercised minimal creativity in limiting its database to only intra-continental listings.<sup>172</sup>

Regardless of which argument ultimately becomes most persuasive, *Feist* should have been seen as an avenue of protecting compilations that surpass simple "telephone directory" type mentality, rather than an impassable barrier to anything involving a listing with addresses and telephone numbers. Copyright protection thus should have been extended to ProCD.<sup>173</sup>

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*Id.* at 348 (citation omitted).

170. Although it cannot be thoroughly examined in this Note, a novel, but related argument may provide advocates of the copyrightability of factual compilations with additional ammunition with which to protect valuable interests. Many commentators have indicated the need for copyright to stay current in its ability to protect software and other computer related interests. See O'Rourke, *supra* note 58, at 53-56. Therefore, it is the contention of this Note that *Feist* allows sufficient room for the argument that a searchable database should be deemed to be arranged in all the ways in which it can be searched—thereby exhibiting the requisite creativity and deserving copyright protection. This would be an especially persuasive argument in *ProCD* since the entire database was copied rather than the bare listings themselves. See *infra* note 174 and accompanying text. Indeed, this may serve to resurrect the "sweat of the brow" doctrine, at least in the field of searchable computer databases. See *supra* note 21 and accompanying text.

171. Ginsburg, *supra* note 17, at 345-46; see *supra* note 42 and accompanying text.

172. Admittedly the "selective universe" argument is weaker than former arguments. However, in light of the fact that society is increasingly becoming a global society, this argument may gain considerable strength. Technology is advancing exponentially—including the Internet, e-mail, and modern transportation—which has served to shorten or even erase the historical separateness of mankind. Choosing to offer listings of only a portion of the global society, in the end, may prove to be the requisite selectiveness which invokes creativity. See *supra* note 42 and accompanying text.

173. Had the court properly found such copyright protection, the question of

### C. *Maintaining Proper Copyright Analysis*

Although *ProCD* arguably reached the right result in disallowing Zeidenberg's actions, its methodology creates problems in the federal copyright arena. An "end justifies the means" type of mentality might be popular,<sup>174</sup> but when adopted by the judiciary, it can also be costly. In the specific area of copyright law, such an attitude, if followed by courts, results in granting copyright protection where none has been intended and leads to patchwork jurisprudence, both of which undermine the very purpose of copyright law: "To promote the Progress of Science and useful Arts, by securing for limited Time to Authors and Inventors the exclusive Right to their respective Writings and Discoveries"<sup>175</sup> without "becom[ing] a barrier to subsequent authors who seek to contribute, through their own works, to the 'advancement of knowledge and discovery of truth.'"<sup>176</sup>

#### 1. *Adherence to the Supremacy Clause—maintaining constitutional order*

The Supremacy Clause of the U.S. Constitution dictates that when Congress passes a federal law, such law "shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any

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whether infringement occurred would still need to be addressed. Infringement, however, is something the court could easily have found in *ProCD*. In *Feist*, the Supreme Court stated that "[t]o establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist*, 499 U.S. at 361. It is undisputed that *ProCD* obtained a valid copyright. See Record Appendix in Support of Brief of Appellant at 121, *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996) (No. 96-1139). Element number two is just as easily met. In its findings of undisputed facts, the district court found that Zeidenberg, "for the purpose of making a database of telephone listings available over the Internet," copied both the data and the software itself "into the random access memory (RAM) of [his] computer." *ProCD, Inc. v. Zeidenberg*, 908 F. Supp. 640, 645 (W.D. Wis. 1996), *rev'd*, 86 F.3d 1447 (7th Cir. 1996). Thus, a court, using proper analysis and finding the requisite "modicum of creativity," would easily have found infringement.

174. Illustrative of its popularity is the acceptance—even promotion—of such familiar coinages as "win at all cost" or "winning isn't everything, it's the only thing." Waning are those traditional notions of "playing by the rules" and "it's not whether you win or lose, but how you play the game that matters most."

175. U.S. CONST. art. I, § 8, cl. 8.

176. Miller, *supra* note 12, at 511 (referring to Thomas I. Emerson, *Toward a General Theory of the First Amendment*, 72 YALE L.J. 877, 881 (1963)).

State to the Contrary notwithstanding.<sup>177</sup> Admittedly, the argument here is obvious. When a court finds itself, as was the case in *ProCD*, in the position of choosing between granting relief under state law or denying relief under federal law, the court must choose the latter if the state law is attempting to circumvent the federal law. The policy justifying adherence to such a rule, however, is not so obvious and is worthy of brief explanation.

Often, the simplest things become valuable. By remembering to give effect to constitutional provisions, courts maintain a basic order of things. When the court in *ProCD* determined ProCD's database to be uncopyrightable, yet subsequently went on to grant relief under state law equivalents to federal copyright law, in essence, it was refusing to acknowledge any efficacy of the Constitution's Supremacy Clause.<sup>178</sup> This serves to place the desired result above the rules that determine whether such a result should be granted—which ultimately serves to whittle away at the foundation of American jurisprudence.

## 2. *Maintaining judicial uniformity*

A policy closely connected to maintaining order is that of maintaining judicial uniformity. However, here the concern is less theoretical and more practical. The court in *ProCD* reached the right result—Zeidenberg was ultimately found liable for the wrongful copying of ProCD's software and database<sup>179</sup>—but it did so only after finding ProCD's database to be without copyright protection. Assuming, for purposes of this argument, that the court was correct in holding ProCD's database uncopyrightable, the effect of granting equivalent protection under state law remedies will be to allow parties “to create their own copyright law by contract to protect information which Con-

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177. U.S. CONST. art. VI; see also *supra* text accompanying notes 49-52.

178. See discussion *supra* Part IV.A.

179. The relief specifically requested, which the court ultimately granted, was (1) a permanent injunction against Zeidenberg, in which he would discontinue any “distributing, downloading, uploading, or making available on any network including, without limitation, the Internet” and would “return all originals and copies of the products to ProCD” and (2) a judgment for all damages caused by Zeidenberg's infringement, breach of License, unfair competition, and misappropriation. Appellant's Amended Complaint at 16-17, found in Record Appendix in Support of Brief of Appellant, *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996) (No. 96-1139).



gress does not protect under the Copyright Act."<sup>180</sup> The harm in such allowance is that without preemption, such contractual remedies "may function to negate the federal copyright policy of promoting the free flow and use of factual information."<sup>181</sup>

Lack of uniformity, however, is the true end result of such a decision. While inconsistent application of copyright law occurred prior to *ProCD*, it will significantly increase now that the Seventh Circuit has openly circumvented federal copyright law. Courts may find themselves persuaded by parties arguing that

copyright merely provides a bundle of rights to copyright owners to help them avoid the transaction costs of contracting with each purchaser of the copyrighted material. . . . [and that] [n]othing prevents the parties from contracting around the rights granted by copyright or, in the case of data not protected by copyright, from creating their own property rights through private contract.<sup>182</sup>

If such arguments prove effective, there are bound to be divisions among the states as to when, if ever, preemption occurs. This division, in turn, will lead to the disruption of the balance being made between copyright's interest in providing incentive to authors and its interest in protecting the free-flow of ideas.

## V. CONCLUSION

By circumventing federal copyright law through recognition of equivalent state law claims, the Seventh Circuit's *ProCD* decision may ultimately have given birth to a rule of law that goes contrary to the very purpose of copyright law. The Supreme Court, in *Feist Publications, Inc. v. Rural Telephone Service Co.*, explained this purpose, stating:

The primary objective of copyright is . . . "[t]o promote the Progress of Science and useful Arts." To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. . . . This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.<sup>183</sup>

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180. O'Rourke, *supra* note 58, at 55.

181. *Id.*

182. *Id.* at 78 (footnote omitted).

183. 499 U.S. 340, 349-50 (1991) (citations omitted) (quoting U.S. CONST. art. I,

By ruling that ProCD had no copyright protection of its database, but then refusing to preempt state law claims that attempted to secure rights equivalent to copyright, the court in *ProCD* placed greater importance on reaching a certain result than it did on making sure it had chosen a correct means of achieving such a result. Faulty analysis is never the solution. Instead, the solution lies in the recognition that current copyright law, as applied under the Supreme Court's *Feist* decision, would naturally have led to the desired result—leaving intact the integrity of federal copyright law.

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