

Database Cases Decided During the 106th Congress: Underprotection or Overprotection?

by Jonathan Band and Sawaka Nagano¹

I. Introduction

Ever since Congressman Carlos Moorhead first introduced database legislation in 1996, a debate has raged in Congress over the need for additional protection for databases. Proponents of strong legislation argue that the U.S. Supreme Court's decision in *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991), significantly diminished publishers' incentive to invest in the compilation of information. In *Feist*, the Supreme Court unanimously held that the white pages of a telephone directory did not reflect sufficient creativity to receive copyright protection. Proponents point to the wholesale copying permitted by *Warren Publishing v. Microdos*, 115 F.3d 1509 (11th Cir.), *cert. denied*, 522 U.S. 963 (1997) as further proof of the inadequacy of copyright protection for databases, and the need for comprehensive database legislation. Indeed, in 1998, the year after the *Warren Publishing* decision, the House of Representatives passed H.R. 2652, the Collections of Information Antipiracy Act, twice -- first as a stand alone bill, and then as a title of the Digital Millennium Copyright Act.

The DMCA's Conference Committee ultimately decided to drop the database title, and Congressman Howard Coble reintroduced it as H.R. 354 in the 106th Congress in 1999. H.R. 354, however, failed to progress beyond the House Judiciary Committee because the House Commerce Committee passed a narrower database bill, H.R. 1858, and the two committees could not forge a consensus between the two approaches.

Congressman Coble remains committed to his bill. At the same time, those who opposed Coble's bill, and supported H.R. 1858, appear equally committed to its narrower approach.

¹ Jonathan Band is a partner, and Sawaka Nagano is an associate, in the Washington, D.C. office of Morrison & Foerster LLP. They represent clients in some of the matters discussed in this article, but the views they express are their own.

Thus, database protection is likely to emerge as one of the most contentious intellectual property issues before the 107th Congress.

Before the legislative battle gets underway, it is worth examining the database cases decided during the 106th Congress (1999-2000) to assess the validity of the basic premise of the Coble approach: that copyright and other legal doctrines do not provide adequate protection to databases in the digital age. The following case-law review indicates that courts have relied on numerous theories, including copyright, contract, misappropriation, trespass to chattels, and the Computer Fraud and Abuse Act, to protect databases.²

II. Copyright

In the 1999-2000 time frame, two courts found defendants liable for copyright infringement with respect to databases.

In *CDN Inc. v. Kenneth A. Kapes*, 197 F.3d 1256 (9th Cir. 1999), the Ninth Circuit held that the prices listed in a wholesale price guide contained copyrightable subject matter. In its decision, the court focused on the manner in which the prices were derived, considering them expressions of the plaintiff's idea of wholesale coin prices.

CDN Inc. published wholesale price guides for collectible coins that were used extensively by coin dealers. The suit arose when Kapes began posting on the Internet prices copied from CDN. CDN filed suit for copyright infringement. The sole issue on appeal was whether the individual prices, rather than the collection of prices in the guide, were copyrightable. The court looked to the manner in which the prices were determined; CDN used "considerable expertise and judgment" when determining how a multitude of factors would affect a coin's estimated wholesale price.³ Kapes argued that a given estimated price was an

² Several of the cases discussed herein were on appeal at the time of the writing of this article.

³ *Id.* at 1260.

expression of the idea of the coin's price and that the two merged. The court rejected Kapes' merger argument, holding that the expression of CDN's idea of the coins' prices would be protectable while the idea of a wholesale price guide would not merit protection.

In short, the Ninth Circuit extended copyright protection to individual prices because they had been "created" through the exercise of expertise and judgment, rather than "discovered" by dint of effort.

In *Southco, Inc. v. Kanebridge Corp.*, 53 U.S.P.Q. 2d 1490 (E.D. Pa. 2000), the district court found that a manufacturer's numbering system for parts it manufactured was an original work entitled to copyright protection. In a preliminary injunction action, the court focused on whether the manufacturer could prohibit the defendant from copying the parts numbers for any purpose.

Southco, a hardware manufacturer, established a numbering identification system for its industrial fasteners. Kanebridge is a wholesale distributor of competitive hardware. The suit arose when Kanebridge used Southco's numbers in comparison charts listing which of its parts were interchangeable with Southco's parts, and had packaged hardware with labels bearing Southco part numbers. The court considered the manner in which the numbers were determined; Southco assigned numbers which expressed numerous detailed features of Southco hardware products such as size, finish and utility. The court rejected Kanebridge's argument that Southco's numbering system was only an arbitrary assignment of sequential numbers which did not deserve copyright protection. The court found that numbering system evidenced creativity and effort, which was sufficiently original for copyright protection.

The court also rejected Kanebridge's fair use defense. The court noted that the fair use doctrine allows the use of copyrighted material in comparative advertisements, but found that

Kanebridge simply listed generic products next to Southco's part numbers instead of proving its products different from and better than Southco's by using factual descriptions.

III. Contract

During the 106th Congress, four courts extended protection to databases under breach of contract claims. In *Information Handling Servs., Inc. v. LRP Publications, Inc.*, No. 00-1859, 2000 U.S. Dist. LEXIS 14531 (E.D. Pa. 2000), the district court held that a shrinkwrap license prohibiting the copying of a database was enforceable even though the database contained uncopyrightable decisions of the Equal Employment Opportunity Commission ("EEOC").

Information Handling Services publishes on CD-ROM a database which contains decisions of the EEOC.⁴ LRP is the publisher of a competing database.⁵ The suit arose when LRP copied into its database the EEOC decisions from the Information Handling Services' CD-ROM in disregard of the shrinkwrap license accompanying the CD-ROM. Relying on *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cr. 1996), in which the Seventh Circuit held that the mere existence of a shrinkwrap contract between the parties had provided that "extra element" distinguishing a particular cause of action from those preempted by copyright law, the district court ruled that the shrinkwrap license prohibition on copying was enforceable.

Similarly, in *Matthew Bender & Co. v. Jurisline.com, LLC*, 91 F.Supp. 2d 677 (S.D.N.Y. 2000), the district court held that a shrinkwrap license that prohibits the copying of a database of public domain legal decisions was enforceable. The court rejected the defendant's argument that the plaintiff was attempting to create a copyright over uncopyrightable materials. The court concluded that the contract rights the plaintiff sought to enforce were not equivalent to rights specified by the copyright law and thus were not preempted.

⁴ *Id.* at *2.

⁵ *Id.*

Additionally, the court in *Register.com v. Verio*, discussed below in Section VII in greater detail, ruled that the terms of service agreement posted on the Register.com website created an enforceable contract, even though Verio never separately manifested assent to the agreement's terms. The court in *Pollstar v. Gigmania*, discussed below in greater detail in Section VI, reached the same conclusion.

V. Trespass to Chattels

The 106th Congress saw the application of an ancient common law claim to databases posted on the Internet. In *eBay, Inc. v. Bidder's Edge, Inc.*, 100 F.Supp. 2d 1058 (N.D. Cal 2000), the district court granted eBay a preliminary injunction based on a trespass to chattels claim. The court held that Bidder's Edge intentionally and without authorization interfered with eBay's possessory interest in its computer system and that Bidder's Edge's unauthorized use proximately resulted in damage to eBay.

Bidder's Edge aggregated information from various auction websites so that consumers could easily compare items available on different sites. To obtain information from eBay's site, Bidder's Edge used web crawlers to make repeated queries of eBay -- in excess of 100,000 times a day. Bidder's Edge continued this extraction even after eBay demanded that it terminate such activities.

The court held that Bidder's Edge's use of the web crawlers violated California's trespass law. The court found that Bidder's Edge's repeated queries interfered with eBay's possessory interest in its computer system. Evidence of mere possessory interference was sufficient to demonstrate the quantum of harm necessary to establish a claim for trespass to chattels: "A trespasser is liable when the trespass diminishes the condition, quality, or value of personal property."⁶ The quality or value of personal property may be diminished even without being

⁶ *Id.* at 1071 (citing *CompuServe v. Cyber Promotions*, 962 F. Supp. 1015 (S.D. Ohio 1997)).

physically damaged by a trespasser's conduct. The *eBay* court further ruled that eBay's assertion of its right to exclude others from using physical personal property was not equivalent to any rights protected by copyright, and therefore not preempted.

The court in *Register.com v. Verio*, discussed below in greater detail in Section VII, also found that Register.com was likely to prevail in its trespass claim.

VI. Misappropriation

Common law misappropriation showed its continued vitality during the 106th Congress. In *Pollstar v. Gigmania, Ltd.*, No. CIV-F-005671 (E.D. Cal. October 17, 2000), the district court held that the concert information on the Pollstar website could be "hot news" protected by state common law misappropriation.

Pollstar publishes up-to-the-day concert information on its web site. Pollstar alleged that Gigmania copied information from the pollstar.com web site and placed it on its own web site. Relying on *National Basketball Ass'n v. Motorola*, 105 F.3d 841 (2d Cir. 1997), Gigmania argued that concert information was not time sensitive enough to be protectable as "hot news"; the court, however, concluded that "Pollstar's common law misappropriation claim was pled with sufficiency as a 'hot news' claim."⁷

Likewise, in *Morris Communications Corp. v. PGA Tour, Inc.*, 117 F. Supp. 2d 1322 (M.D. Fla. 2000), the court held that the PGA had a property interest in a real-time scoring system (RTSS) and that it may restrict its use as a reasonable safeguard against would-be free riders seeking to unfairly capitalize on its property.

The PGA maintains the RTSS at its tournaments by simultaneously monitoring activity at all eighteen holes, and prevents others from accessing the golf courses to implement a similar real time system. The PGA then licenses the real time information to news organizations, who

⁷ *Id.* at 10.

agree not to redistribute the information to unaffiliated organizations. Morris Communications, a PGA licensee, sought to redistribute the real time information to other news organizations. It sued the PGA for a preliminary injunction, alleging that “defendant possesses monopoly power over access to its golf tournaments and has unfairly used that power by attempting to stifle competition in the separate market for syndicated real-time golf scores.”⁸ The PGA contended that it enjoyed a property right in its own designed and implemented RTSS and that its restrictions constituted a reasonable safeguard against would-be free riders.

Relying on the Second Circuit’s opinion in *NBA v. Motorola*, Morris asserted that the PGA cannot have a legitimate property interest in real-time scores because the scores are factual information existing exclusively within the public domain. Despite the plaintiff’s efforts to analogize its case to *Motorola*, the district court distinguished this case from *Motorola*; it found that Morris was not able to gather the real-time scores without using PGA’s RTSS, and thus real-time golf scores represent the end-product of a system designed by defendant for their production.

VII. Computer Fraud and Abuse Act

In the 106th Congress, an anti-hacking statute was used to protect a database. In *Register.com v. Verio, Inc.*, 00-Civ-5747 (S.D.N.Y. December 8, 2000), the district court found that Verio’s access to Register.com’s database by means of an automated search robot was unauthorized and violated the Computer Fraud and Abuse Act (CFAA), 18 U.S.C. Section 1030, *et seq.*

Register.com provides domain name registration and other related services. Verio competes with Register.com with respect to these other services, but does not act as a domain name registrar. The suit arose when Verio accessed, by an automated search robot,

⁸ *Id.* at 1326.

Register.com's publicly available WHOIS database of names and contact information of customers who registered domain names, and used the information for telemarketing purposes. As noted above, the court found that Verio's use of the WHOIS database likely breached the terms of service posted on the Register.com website and constituted a trespass to chattels. The court also determined that harvesting information from the WHOIS database violated Sections 1030(a)(2)(C) and (a)(5)(C) of the CFAA.

Section 1030(a)(2)(C) prohibits unauthorized access to a protected computer to obtain information. The court found that Verio's access to the WHOIS database violated Section 1030(a)(2)(C) because Verio accessed WHOIS without authorization to obtain data for telemarketing purposes.

Section 1030(a)(5)(C) makes unlawful the unauthorized access to a protected computer and thereby causing damage. The court found that Verio's use of search robots represented an unauthorized access to the WHOIS database and that such an unauthorized access caused or could cause damage by impairing the availability of data or the availability of its computer systems.

VIII. Cases with No Liability

Of course, the plaintiffs did not prevail in every database case brought during the 106th Congress. In two cases, the courts permitted the reuse of information in a second database. These results seem fair based on the totality of the circumstances.

In *Ticketmaster Corp. v. Tickets.com, Inc.*, 54 U.S.P.Q. 2s 1344 (C.D. Cal. 2000) the district court permitted Tickets.com's reproduction on its website of concert information extracted from Ticketmaster's publicly available web pages. The court found that the reproduced information consisted of facts unprotected under *Feist v. Rural Telephone*. In a later decision, the court considered the temporary copy the Tickets.com bot made of a given Ticketmaster web

page in the course of extracting the concert information. *Ticketmaster Corp. v. Tickets.com, Inc.*, CV99-7654-HLH, 2000 U.S. Dist. LEXIS 12987, *11-13 (C.D. Cal. August 10, 2000). The court excused this temporary copy as a fair use.

The court also rejected the plaintiff's trespass claim. It distinguished the decision in *eBay* on the grounds Tickets.com's use of bots appeared less harmful to the target system than Bidder's Edge's. The court also rejected Ticketmaster's contract claim on the grounds that Tickets.com never manifested assent to the terms of service agreement on the Ticketmaster site. (This holding appears inconsistent with the holdings in *Verio* and *Pollstar*, discussed above in Sections VI and VII.)

In *EPM Communications, Inc. v. Notara, Inc.*, 56 U.S.P.Q. 2d 1144 (S.D.N.Y. 2000), the district court did not find sufficient evidence of substantial similarity to constitute copyright infringement and denied a preliminary injunction against a defendant who was accused of infringing a printed compilation of licensing sources.

EPM Communications, a publisher of a hard copy licensing sourcebook, sued Notara, an online publisher, alleging that Notara infringed its copyright in two of its licensing sourcebooks. Although the court found that EPM's sourcebooks were protectable under the copyright law, the court denied the preliminary injunction because EPM was not likely to succeed on its claim that Notara's database infringed EPM's works. In discussing the difficulty of comparing print and electronic databases, the court noted that the Notara database on its own did not have any arrangement at all, and could have the same arrangement as the EPM sourcebook only if the user directed a computer "to rearrange the material into the copyright holder's arrangement."⁹ The court acknowledged that Notara copied 55% of the EPM sourcebook listings, but observed that 60% of the Notara's database had not been copied from the sourcebook. These differences in

⁹ *Id.* at 1149 (citing *Mathew Bender & Co. v. West Publishing Co.*, 158 F.3d 693, 702 (2d Cir. 1998)).

selection led the court to conclude that EPM was unlikely to show that the databases were “substantially similar.”

IX. Conclusion

During the 106th Congress, courts relied on a wide range of theories, including copyright, contract, misappropriation, trespass to chattels, and the Computer Fraud and Abuse Act, to protect databases. The last two theories -- trespass to chattels and Computer Fraud and Abuse Act -- are forms of protection not employed prior to the 106th Congress. Yet another form of protection -- the prohibition on the circumvention of technological protection measures, created by Congress in the 1998 Digital Millennium Copyright Act -- was not used in any database cases, but it was successfully employed in cases concerning video games, films, and sound recordings.¹⁰ These cases suggest that database publishers can use this additional form of protection once they begin to use technological protection measures and others try to circumvent them.

To be sure, in two cases the courts found no infringement. But in each of these cases, the second publisher made a transformative use of the first database. The second publisher did not simply distribute unauthorized copies of the first database; rather, the second publisher extracted facts from the first database to create a significantly different product. Therefore, the results in these cases appear both just and consistent with longstanding legal principles. Indeed, transformative uses were also made in several of the cases where courts found liability. If anything, this suggests that courts currently are *overprotecting* databases; the law should permit value-added, transformative uses of information.

¹⁰ *Universal City Studios, Inc. v. Reimerdes*, 111 F. Supp. 2d 294, 315-25 (S.D.N.Y. 2000); *Sony Computer Entm't Am., Inc. v. GameMasters, Inc.*, 87 F. Supp. 2d 976, 987 (N.D. Cal. 1999); *RealNetworks, Inc. v. Streambox, Inc.*, No. 99 CV02070, 2000 U.S. Dist. LEXIS 1889. (W.D. Wash. January 18, 2000).