

ARTICLES

Simultaneous Copyright and Trade Secret Claims: Can the Copyright Misuse Defense Prevent Constitutional Doublethink?*

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* "Doublethink means the power of holding two contradictory beliefs in one's mind simultaneously, and accepting both of them." GEORGE ORWELL, 1984 176 (New American Library 1982) (1949).

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I. Introduction

Congress intended that the 1976 Copyright Act¹ and state trade secret law would coexist,² and that the Copyright Act would preempt a state claim only where its *prima facie* case is equivalent, element by element, to a copyright claim.³ Allowing for this concurrence raises new difficulties, however.

In particular, does allowing the two systems of intellectual property law to coexist authorize both to be invoked simultaneously? For example, assuming that both causes of action can be established, can a plaintiff recover an injunction under section 502 of the Copyright Act⁴ while, at the same time, recover punitive damages under trade secret law?⁵ Similarly, can an author assert a copyright claim where trade secret restrictions were placed in a licensing agreement?⁶

1. Pub. L. No. 94-553, Title I, § 101, 90 Stat. 2541 (1976) (codified at 17 U.S.C. §§ 101-702 (1994)).

2. See H. R. REP. NO. 94-1476, 94th Cong., 2d Sess. 132 (1976) ("The evolving common law right[] of . . . trade secrets . . . would remain unaffected [by the 1976 Copyright Act] as long as the cause[] of action contains elements . . . that are different in kind from copyright infringement."); see also 17 U.S.C. § 301 (1994); MICHAEL A. EPSTEIN, MODERN INTELLECTUAL PROPERTY § 4.40(A) (3d ed. 1998).

3. See, e.g., *Trandes Corp. v. Guy F. Atkinson Co.*, 996 F.2d 655, 660 (4th Cir. 1993) (holding that the "breach of a duty of trust or confidentiality compris[ing] the core of actions for trade secret misappropriation . . . supplies the extra element that qualitatively distinguishes such trade secret causes of action from claims for copyright infringement that are based solely upon copying.") (internal quotation marks and citations deleted), *cert. denied*, 510 U.S. 965 (1993).

4. 17 U.S.C. § 502(a) (1994). A major advantage of seeking an injunction under the Copyright Act is that nationwide service of process is available to start the action. See *id.* § 502(b). It is doubtful whether such power would be available on a trade secret injunction as the court may not have the necessary contacts with the individual under the *International Shoe* doctrine.

5. The Uniform Trade Secrets Act, which has been adopted in forty-one states and the District of Columbia, see *Commentary to the Uniform Trade Secrets Act, Table of Jurisdictions Wherein Act Has Been Adopted* (1997), authorizes the imposition of punitive damages. See Uniform Trade Secrets Act § 3(b), 14 U.L.A. 455 (1985). See, e.g., *Robert L. Cloud & Assoc., Inc. v. Mikesell*, 82 Cal. Rptr. 2d 143, 148-49 (Ct. App. 1999). Such damages are unavailable under the Copyright Act. See *Walker v. Forbes, Inc.*, 28 F.3d 409, 415 (4th Cir. 1994) ("Th[e] damages structure [of the Copyright Act] is not designed . . . to be punitive. . . . [A]s the Supreme Court has stated quite clearly, '[t]he purpose is thus to provide just compensation for the wrong, not to impose a penalty by giving to the copyright proprietor profits which are not attributable to the infringement.'") (quoting *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 399 (1940)).

6. It is important to distinguish at the outset that this article is examining the viability of a copyright claim being made where trade secret status has also been asserted, not the viability of maintaining a trade secret claim for a work that is also copyrighted. In this latter case, it should now be beyond debate that properly formed

This potential collision between the federal copyright law and state trade secret laws resulted from the replacement of the Copyright Act of 1909.⁷ When Congress adopted the Copyright Act of 1976,⁸ a fundamental change occurred in the way the copyright law functioned. Under the Copyright Act of 1909 and its predecessors, federal copyright law became applicable to a work upon its publication with notice of a copyright claim.⁹ As a consequence, when an author claimed federal copyright protection, the contents of the author's work were disclosed by their publication. Under the 1976 Act, however, copyright applies as soon as the work is "fixed in any tangible medium of expression . . . from which [it] can be perceived, reproduced or otherwise communicated . . ."¹⁰ Unlike the earlier law, no publication need occur to claim a federal copyright.

A consequence of this change in methodology can be seen in any writing that contains a trade secret. Under the pre-1976 copyright system, trade secret status was lost, by definition, upon publication.¹¹

trade secret claims are not preempted by the Copyright Act of 1976, *see e.g.*, *Data General Corp. v. Grumman Systems Support Corp.*, 36 F.3d 1147, 1164 (1st Cir. 1994); *Avtec Systems, Inc. v. Peiffer*, 21 F.3d 568, 574 (4th Cir. 1994), or by the Copyright Act of 1909, *see e.g.*, *M. Bryce & Assocs., Inc. v. Gladstone*, 319 N.W.2d 907, 914-16 (Wis. Ct. App. 1982), *cert. denied*, 459 U.S. 944 (1982); EPSTEIN, *supra* note 2, at § 4.04[A].

7. 61 Stat. 652 (codifying the 1909 Act as amended) *amended by* Act of Apr. 27, 1948, ch. 236, 62 Stat. 202, Act of June 25, 1948, ch. 646 § 39, 62 Stat. 992, Act of June 3, 1949, ch. 171, 63 Stat. 153, Act of Oct. 31, 1951, ch. 655 § 16, 65 Stat. 716, Act of July 17, 1952, ch. 923, 66 Stat. 752, Act of Apr. 13, 1954, ch. 137 § 2, 68 Stat. 52, Act of Aug. 31, 1954, ch. 1161, 68 Stat. 1030, Act of Mar. 29, 1956, ch. 109, 70 Stat. 63, Act of Sept. 7, 1957, Pub. L. No. 85-313, 71 Stat. 633, Act of Sept. 7, 1962, Pub. L. No. 87-646 § 21, 76 Stat. 446, Act of Oct. 27, 1965, Pub. L. No. 89-297, 79 Stat. 1072, Act of Aug. 12, 1970, Pub. L. No. 91-375 § 6(i), 84 Stat. 777, Act of Oct. 15, 1971, Pub. L. No. 92-140, 85 Stat. 391, Act of June 6, 1972, Pub. L. No. 92-310, Title II § 205, 86 Stat. 203, Act of Dec. 31, 1974, Pub. L. No. 93-573, Title I §§ 102 & 104, 88 Stat. 1873 [hereinafter Copyright Act of 1909], *repealed by* Copyright Act of 1976, 90 Stat. 2541 (codified at 17 U.S.C. §§ 1-1332).

8. *See supra* note 1.

9. *See* Copyright Act of 1909, § 10; *see also* *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339, 346-47 (1908).

10. 17 U.S.C. § 102(a) (1994). *See* H. REP. NO. 1476, 94th Cong., 2d Sess. 52-53 (1976).

11. Section 1(4)(ii) of the Uniform Trade Secrets Act establishes that "efforts that are reasonable under the circumstances to maintain [the trade secret's] secrecy" are needed. *See* Uniform Trade Secrets Act §1(4)(ii), 14 U.L.A. 438 (1985). Clearly, publication as defined in the Copyright Act, "the distribution of copies . . . of a work to the public by sale or other transfer of ownership, or by rental, lease or lending," demonstrates a lack of reasonable effort. 17 U.S.C. § 101.

A slightly more difficult question of disclosure is faced if the work is licensed under a contract that requires secrecy. In this case, however, the sound argument is that the work has not, in fact, been published. Indeed, under the 1909 Act, the concept of "limited publication," which would not trigger the applicability of

It was not possible, therefore, to claim both a copyright and a trade secret under the 1909 act. There is nothing that prevents a trade secret from being fixed in a tangible medium of expression. Under the 1976 act, therefore, an author can apparently claim his or her copyright while refusing to disclose the contents of the work to the public. Nevertheless, the concept of disclosing the copyrighted work to the public is inherent in the Constitutional basis of copyright.

As the Constitution authorizes Congress to grant copyrights, it subjects the power to a public purpose requirement.¹² Any monopoly Congress grants must be for the purpose of "promot[ing] the progress of science and useful arts."¹³ But one result of Congress enacting the 1976 Act is a potential conflict between the Act and this public purpose requirement. An owner of intellectual property may believe that both copyright law—which mandates disclosure—and trade secret law—which mandates secrecy—can be used simultaneously. To believe that disclosure and secrecy can coexist is doublethink as both cannot be true.

federal law, was created for this type of situation. See *White v. Kimmell*, 193 F.2d 744, 746-47 (9th Cir. 1952).

The most difficult situation faced concerns, not surprisingly, computer programs. If a computer program is distributed only in object code form, does the general distribution of the object code disclose any trade secrets contained in the code? One court has indicated that the distribution of object code does not disclose the contained trade secrets as they "may have been concealed within impenetrable programming codes, making reverse engineering difficult or impossible." *Architectronics, Inc. v. Control Systems, Inc.*, 935 F. Supp. 425, 433 (S.D.N.Y. 1996). Of course, the court's factual assumption that object code is "impenetrable" is flawed as disassembling or decompiling a computer program is not particularly technically challenging although the quality of the disassembled or decompiled program will vary depending on the compiler or assembler used. See JONATHAN B. ROSENBERG, *HOW DEBUGGERS WORK: ALGORITHMS, DATA STRUCTURES, AND ARCHITECTURE* 12, 145-47, 157-72, 205-13 (1996); ANTHONY L. CLAPES, *SOFTWARES* 146 (1993); see also <http://www.sourceretrieval.com/myso.html> (visited July 17, 1999) (decompiler products); <http://www.ahpah.com/product.html> (visited July 17, 1999) (same); <http://www.software.ibm.com/ad/hlasm/library/html/tug-dasm.html> (visited July 17, 1999) (disassembler). Of course, if code optimization is performed, decompiling or disassembling becomes significantly harder. See ROSENBERG, *supra* at 205-07, 211-13. See generally, John Hennessey, *Symbolic Debugging of Optimized Code*, in 4 A.C.M. TRANSACTIONS ON PROGRAMMING LANGUAGES AND SYSTEMS 323 (1982).

12. See U.S. CONST. art. I, § 8, cl. 8 ("To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."). The public purpose requirement of the Clause is the requisite that whatever monopoly Congress chooses to establish under the Constitution must promote progress. See *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, 499 U.S. 340, 349 (1991).

13. U.S. CONST. art. I, § 8, cl. 8.

This unconstitutional doublethink can be prevented judicially. The developing misuse of copyright defense¹⁴ provides the court with the mechanism needed to avoid the problem. Consequently, this article begins by describing the copyright misuse defense. It then presents the constitutional framework of federal intellectual property law. Then, the fact that a simultaneous claim of copyright and trade secret protection constitutes a form of constitutional doublethink will be developed, thus leading to the conclusion that the misuse defense should be—indeed, constitutionally must be—expanded to prevent intellectual property owners from engaging in unconstitutional doublethink.

II. The Copyright Misuse Defense

Considerable confusion has existed concerning the scope of the copyright misuse defense.¹⁵ The Fourth Circuit Court of Appeals announced a quite broad interpretation of the defense in *Lasercomb America, Inc. v. Reynolds*,¹⁶ an interpretation not well received by some commentators.¹⁷ However, as the United States Supreme Court has reinforced subsequent to the *Lasercomb* case, "[t]he primary objective of copyright is not to reward . . . authors, but '[t]o promote the Progress of Science and useful Arts.'"¹⁸ Further, *Lasercomb's*

14. The Fourth Circuit discussed the misuse of copyright defense by stating the following:

The grant to the [author] of the special privilege of a [copyright] carries out a public policy adopted by the Constitution and laws of the United States, to promote the Progress of Science and useful Arts, by securing for limited Times to [Authors] . . . the exclusive Right . . . to their ["original" works]. But the public policy which includes [original works] within the granted monopoly excludes from it all that is not embraced in the [original expression]. It equally forbids the use of the [copyright] to secure an exclusive right or limited monopoly not granted by the [Copyright] Office and which is contrary to public policy to grant.

Lasercomb America, Inc. v. Reynolds, 911 F.2d 970, 977 (4th Cir. 1990) (quotation marks and citations omitted).

15. See e.g., William E. Thomson, Jr. & Margaret Y. Chu, *Overstepping the Bounds: Copyright Misuse*, 11 COMPUTER LAWYER 1, 6 (1998); Sean M. Aylward, Note, *Copyright Law: The Fourth Circuit's Extension of the Misuse Doctrine to the Area of Copyright: A Misuse of the Misuse Doctrine?*—*Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990), 17 U. DAYTON L. REV. 661 (1992); Scott A. Miskimon, Note, *Divorcing Public Policy from Economic Reality: the Fourth Circuit's Copyright Misuse Doctrine in Lasercomb America, Inc. v. Reynolds*, 69 N.C. L. REV. 1672 (1991); DAVID BENDER, COMPUTER LAW § 4.04A (1998).

16. 911 F.2d 970, 978 (1990).

17. See e.g., Leslie Wharton, *Misuse and Copyright: A Legal Mismatch*, COMPUTER LAW., March, 1991, at 1; Ramsey Hanna, Note, *Misusing Antitrust: The Search for Functional Copyright Misuse Standards*, 46 STAN. L. REV. 401, 401 (1994).

18. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 349

interpretation of the misuse defense can be used to implement these public rights under the Clause. Consequently, this article examines the development of the misuse of copyright defense to an infringement action.¹⁹ The analysis includes a survey of the historic origins of the misuse defense in the patent laws and an examination of the current interpretations of the copyright misuse defense.

A. *The Development of the Copyright Misuse Defense*

The copyright misuse defense has not been acknowledged for long;²⁰ indeed, some debate still continues concerning the defense's viability.²¹ The strongest support for the existence of the defense, and the most complete exposition of it, comes from the Fourth Circuit's decision in *Lasercomb America, Inc. v. Reynolds*,²² but the Supreme Court²³ and a majority of the other circuits have also acknowledged the defense's existence.²⁴

In *Lasercomb*, the plaintiff brought a copyright infringement action alleging that Reynolds and other defendants had copied its Interact computer program²⁵ for the defendants' own use and as a

(1991) (citation omitted).

19. The principal case cited for the existence of a misuse of copyright defense is *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990). Other courts have acknowledged the existence of the defense, but have tended not to find the defense to have been established factually. See *Atari Games Corp. v. Nintendo of America, Inc.*, 975 F.2d 832, 846 (Fed. Cir. 1992) (applying Ninth Circuit case law); *Hill v. Xyquad, Inc.*, 939 F.2d 627, 631-32 (8th Cir. 1991); *Mitchell Bros. Film Group v. Cinema Adult Theater*, 604 F.2d 852, 864-65 (5th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980). This trend of finding that the defense exists but choosing not to use it is changing. See *Practice Management Info. Corp. v. American Med. Ass'n*, 121 F.3d 516, 520 (9th Cir. 1997), *cert. denied*, 118 S. Ct. 339 (1997) (finding that the AMA misused its copyright as a matter of law); see also *DSC Communications Corp. v. DGI Technologies, Inc.*, 81 F.3d 597, 601 (5th Cir. 1996) (affirming the denial of a preliminary injunction as "DGI may well prevail on its affirmative defense of copyright misuse."). See generally Thomas F. Smegal, Jr., *Misuse Defense Gains in Federal Courts*, NAT'L L.J., Feb. 15, 1993, at 18.

20. Cf. 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.09[A] at 13-288 (1997) (The 1962 United States Supreme Court case, *U.S. v. Loew's, Inc.*, 371 U.S. 38, "tacit[ly] approv[ed] . . . an antitrust misuse defense. . . .") For an earlier lower court opinion that applied the misuse defense to deny enforcement of a copyright, see *M. Witmark & Sons v. Jensen*, 80 F. Supp. 843, 848-50 (D. Minn. 1948); see also Roger Arar, Note, *Redefining Copyright Misuse*, 81 COLUM. L. REV. 1291 (1981).

21. See 4 NIMMER, *supra* note 20, at § 13.09[A].

22. 911 F.2d 970 (1990).

23. See *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, 441 U.S. 1, 8 n.13 (1979) ("We are unable to see how that alone could make out [a] . . . misuse of copyrights.").

24. See sources cited *infra* note 33.

25. This program is a computer-aided design and manufacturing program

basis for their own substantially identical computer program, PDS-1000.²⁶ The district court found that copying had occurred and enjoined the distribution of PDS-1000.²⁷

The defendants in *Lasercomb* asserted misuse of copyright as an affirmative defense to Lasercomb's action.²⁸ The factual foundation of the defense was a provision in Lasercomb's standard licensing agreement that prohibited the defendants for ninety-nine years from "writ[ing], develop[ing], produc[ing] . . . or sell[ing] computer assisted die making software."²⁹

Lasercomb's holding that a copyright misuse defense does exist is clear. "We are persuaded . . . that a misuse of copyright defense is inherent in the law of copyright just as a misuse of patent defense is inherent in patent law."³⁰ The court justified this holding by drawing the parallel between the patent law's and the copyright law's primary purpose of "increas[ing] the store of human knowledge and arts by rewarding . . . exclusive rights . . . for a limited time,"³¹ with their parallel limitation against extending "the granted monopoly power . . . to property not covered by the patent or copyright."³²

Many other circuits have also examined whether there is a misuse defense in copyright actions.³³ The First Circuit recognized favorably the misuse defense in *dictum* that relied on *Lasercomb*, but did not apply the defense, nor did it hold that such a defense existed as the defendant could not establish the antitrust violation it alleged.³⁴ In the Fifth Circuit, the court refused its first opportunity to apply the defense as "the copyright holders' actions [were] not inconsistent with

(CAD/CAM) designed for use in the manufacture of the steel dies used to cut and form cardboard boxes. See *Lasercomb America*, 911 F.2d at 971.

26. See *id.*

27. See *id.* at 972.

28. See *id.*

29. *Id.* at 972-73.

30. *Lasercomb America*, 911 F.2d at 973.

31. *Id.* at 976.

32. *Id.*

33. See e.g. *Data General Corp. v. Grumman Systems Support Corp.*, 36 F.3d 1147 (1st Cir. 1994); *Mitchell Bros. Film Group v. Cinema Adult Theater*, 604 F.2d 852 (5th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980); *F.E.L. Publications, Ltd. v. Catholic Bishop of Chicago*, 214 U.S.P.Q. 409 (7th Cir. 1982), *cert. denied*, 459 U.S. 859 (1982); *Hill v. Xyquad, Inc.*, 939 F.2d 627 (8th Cir. 1991); *Practice Management Information Corp. v. American Medical Ass'n*, 121 F.3d 516 (9th Cir. 1997), *cert. denied*, 118 S. Ct. 339 (1997); *Bellsouth Advertising & Publishing Corp. v. Donnelley Information Publishing, Inc.*, 933 F.2d 952 (11th Cir. 1991), *reh'g granted*, 977 F.2d 1435 (11th Cir. 1992), *decided on different grounds*, 999 F.2d 1436 (11th Cir. 1993) (en banc), *cert. denied*, 510 U.S. 1101 (1994).

34. See *Data General Corp.*, 36 F.3d at 1169-70.

any policy of the copyright laws."³⁵ Subsequently, the Fifth Circuit did apply the defense in several later cases.³⁶ The Seventh Circuit enforced a copyright after determining that no attempt had been made to extend the copyright beyond the statutory rights given to the copyright holder and that no anti-trust violation had occurred.³⁷ The Eighth Circuit, without discussing the substance of a misuse defense, remanded a similar case acknowledging that a misuse defense might be established on remand.³⁸ In the Ninth Circuit, the court confusingly held that "[t]he defense of unclean hands by virtue of copyright misuse prevents the copyright owner from asserting infringement and asking for damages when the infringement occurred by his dereliction of duty."³⁹ Finally, in a opinion ultimately decided on different grounds after a rehearing *en banc*,⁴⁰ the Eleventh Circuit refused to apply the defense "because there [was] no antitrust violation."⁴¹

Thus, over half of the circuits have acknowledged the existence of some form of a copyright misuse defense or have applied it to a case before them. Additionally, many district courts without circuit court precedent to follow have also allowed the defense.⁴² But as the

35. *Mitchell Bros. Film Group*, 604 F.2d at 865.

36. In the first case, *DSC Communications Corp. v. DGI Technologies, Inc.*, 81 F.3d 597, 601 (5th Cir. 1996), the court expressly adopted the Fourth Circuit's formulation of the misuse defense in *Lasercomb* to uphold the granting of a preliminary injunction. Subsequently, in *Alcatel USA, Inc. v. DGI Technologies, Inc.*, 166 F.3d 772, 793 n.85 (5th Cir. 1999), noting that cases involving preliminary injunctions are not binding, the court reaffirmed the holding of *DSC Communications* in a case awarding final relief.

37. See generally *F.E.L. Publications, Ltd.*, 214 U.S.P.Q (BNA) 409.

38. See *Hill*, 939 F.2d at 631-32.

39. *Supermarket of Homes, Inc. v. San Fernando Valley Board of Realtors*, 786 F.2d 1400, 1408 (9th Cir. 1986) (citing *Tempo Music, Inc. v. Myers*, 407 F.2d 503, 507 (4th Cir. 1969)).

40. See *Bellsouth Advertising & Publishing Corp. v. Donnelley Information Publishing, Inc.*, 999 F.2d 1436 (11th Cir. 1993), *cert. denied*, 510 U.S. 1101 (1994).

41. *Bellsouth Advertising & Publishing Corp. v. Donnelley Information Publishing, Inc.*, 933 F.2d 952, 961 (11th Cir. 1991).

42. See e.g. *Reliability Research, Inc. v. Computer Associates International, Inc.*, 793 F. Supp. 68, 69-70 (E.D.N.Y. 1992); *Budish v. Gordon*, 784 F. Supp. 1320, 1336-37 (N.D. Ohio 1992); *National Cable Television Ass'n, Inc. v. Broadcast Music, Inc.*, 772 F. Supp. 614, 652 (D.D.C. 1991); *Coleman v. ESPN, Inc.*, 764 F. Supp. 290, 295 (S.D.N.Y. 1991); *Broadcast Music v. Hearst/ABC Viacom Entertainment Services*, 746 F. Supp. 320, 328 (S.D.N.Y. 1990); *Broadcast Music, Inc. v. Moor-Law, Inc.*, 203 U.S.P.Q (BNA) 487, 488 (D. Del. 1978); cf. *Allen-Myland, Inc. v. I.B.M. Corp.*, 746 F. Supp. 520, 550 (E.D. Pa. 1990) (holding that violation of antitrust consent decree could estop enforcement of a copyright). *Contra Rural Telephone Service Co. v. Feist Publications, Inc.*, 663 F. Supp. 214, 220 (D. Kan. 1987), *aff'd*, 916 F.2d 718 (10th Cir. 1990), *aff'd on other grounds*, 499 U.S. 340 (1991).

brief discussion above indicates, it is quite unclear what must be shown to establish the copyright misuse defense.

The courts' expositions of the defense have tended to conglomerate several independent aspects of it instead of distinguishing each concept as a separate theory of misuse. In *Lasercomb*, for example, part of the court's discussion uses the language of antitrust, apparently focusing on the anticompetitive nature of the copyright owner's behavior to determine that copyright enforcement is barred.⁴³ At other times, however, the court addresses the violation by the copyright owner of the general public policy of copyright without elucidating from where this public policy derives.⁴⁴

The defense in the hands of other circuits, particularly the Ninth, has fared even less well.⁴⁵ In *Supermarket of Homes v. San Fernando Board of Realtors*, the Ninth Circuit held:

The defense of unclean hands by virtue of copyright misuse prevents the copyright owner from asserting infringement and asking for damages when the infringement occurred by his dereliction of duty. Plaintiff's action will be dismissed under the theory of unclean hands if defendant establishes that plaintiff's evidence was false and that plaintiff was involved in a scheme to defraud the public.⁴⁶

The court in *Supermarket of Homes* seemed to confuse the misuse of copyright defense with the general defense of unclean hands.⁴⁷ The court also failed to provide any elucidation for what kind of "dereliction of duty" would be needed to support the defense; indeed, it is difficult to understand under what kind of "duty" the copyright owner was placed by the decision as is shown by lower courts' attempts to interpret *Supermarket of Homes*.⁴⁸

43. See *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970, 978, 979 (4th Cir. 1990) (describing the licensing agreement at bar as "anticompetitive").

44. See *id.* at 978 (finding that violating the "public policy embodied in the grant of a copyright" is misuse).

45. See sources cited *supra* note 39 and accompanying text.

46. 786 F.2d 1400, 1408 (9th Cir. 1986).

47. Compare 3 NIMMER, *supra* note 20, at § 13.09[A] 3 NIMMER, *supra* note 20, at § 13.09[B].

48. Cf. *Sega Enterprises, Ltd. v. Accolade, Inc.*, 785 F. Supp. 1392 (N.D. Cal.), *rev'd on other grounds*, 977 F.2d 1510 (9th Cir. 1992). The court stated the following:

The defense of copyright misuse is a form of unclean hands, which prevents the copyright owner from obtaining relief "when the infringement occurred by his dereliction of duty." *Supermarket of Homes, Inc. v. San Fernando Valley Board of Realtors*, 786 F.2d 1400, 1408 (9th Cir. 1986). Accolade's copyright misuse defense is based upon antitrust tying allegations, which the court ordered stricken from Accolade's counterclaim. No antitrust violation is alleged, nor is there

Subsequent cases in the Ninth Circuit have not addressed the confusion created by *Supermarket of Homes*—no comprehensible definition of “duty” or “dereliction of duty” has ever been provided. More recently, however, the circuit seems to be effectively ignoring *Supermarket of Homes* in its entirety⁴⁹ or, while acknowledging the case, is moving the misuse defense in line with the Fourth Circuit’s exposition.⁵⁰

To clarify the defense, the courts should recognize that misuse of copyright has two branches.⁵¹ First, misuse is found where the

proof of fraud or other clear violation of a legal duty. . . . Thus, Accolade has failed to establish a copyright misuse defense.

Id. at 1399; *see also* Magnuson v. Video Yesteryear, No. C-92-4049, (DLJ), 1994 WL 508826 (N.D. Cal. Sept. 9, 1994), *rev’d on other grounds*, 85 F.3d 1424 (9th Cir. 1996). The court found that

Defense of unclean hands is similarly inapplicable to the facts at hand. Such defense operates to deprive a copyright owner from asserting infringement and asking for damages when the infringement occurred by the claimant’s dereliction of duty. *See Supermarket of Homes, Inc. v. San Fernando Valley Bd. of Realtors*, 786 F.2d 1400, 1408 (9th Cir. 1986). Here, any shortcomings by Magnuson in protecting his copyright interests do not rise to the level necessary to invoke the defense of unclean hands. Nor has it been proved that Magnuson prosecuted this action with anything less than due diligence and good faith

Id. at *5.

49. *See* Triad Systems Corp. v. Southeastern Express Co., 64 F.3d 1330, 1337 (9th Cir. 1995) (citing *Lasercomb*, the court found no misuse). *Supermarket of Homes* is not cited.

50. *See* Practice Management Information Corp. v. American Medical Ass’n, 121 F.3d 516, 520 (9th Cir.), *cert denied*, 118 S. Ct. 339 (1997) (citing to *Lasercomb* and *Supermarket of Homes*, the court held that expanding the monopoly granted by copyright is misuse, but made no attempt to find a “duty” or a “dereliction of duty.”).

51. *Lasercomb* implied that this distinction is valid:

The district court[’s] reliance on [antitrust law] was misplaced. . . . Such reliance is, however, understandable. Both the presentation by appellants and the literature tend to intermingle antitrust and misuse defenses. A patent or copyright is often regarded as a limited monopoly—an exception to the general public policy against restraints of trade. Since antitrust law is the statutory embodiment of that public policy, there is an understandable association of antitrust law with the misuse defense. Certainly, an entity which uses its patent as the means of violating antitrust law is subject to a misuse of patent defense. However, *Morton Salt* held that it is not necessary to prove an antitrust violation in order to successfully assert patent misuse [S]o while it is true that the attempted use of a copyright to violate antitrust law probably would give rise to a misuse of copyright defense, the converse is not necessarily true—a misuse need not be a violation of antitrust law in order to comprise an equitable defense to an infringement action. The question is not whether the copyright is being used in a manner violative of antitrust law (such as whether the licensing agreement is “reasonable”), but whether the copyright is being used in a manner violative of the public policy embodied in the grant of a copyright.

copyright owner uses his or her copyright to precipitate an antitrust violation, most often by tying the copyrighted work to an uncopyrighted product⁵² or requiring a blanket license to be purchased.⁵³ Second, misuse is found where the copyright owner violates the underlying copyright policy principles. Unfortunately for the second branch of the defense, the courts have been significantly less clear about the defense's requisites. In particular, the courts have failed to articulate what the copyright policy principles are and from where they are derived. In *Lasercomb*, for example, the decision makes reference to the "public policy embodied in the grant of a copyright"⁵⁴ or the "public policy embodied in copyright law"⁵⁵ but does not indicate clearly what the source of this "public policy" should be. Yet, when examining the decisions that have applied *Lasercomb*'s misuse defense, and when the underlying policy considerations of *Lasercomb* itself are examined, all of the cases are consistent with defining the "public policy" based on the public purpose requirement of the Intellectual Property Clause.

To understand the defense and resolve the intercourt confusion, the patent misuse defense will be examined. This is appropriate as the copyright misuse defense owes its origin to the same defense in the patent law⁵⁶ and it can more easily be understood in its historical context. Based on the structure of the patent misuse defense, the cases applying the copyright misuse defense will be examined. As will become apparent, most of the cases that have defined the copyright misuse defense have done so in a manner that is consistent with the patent misuse defense even where the courts did not specifically make reference to the patent law. Once this is done, the public policy branch of the copyright misuse defense will be examined as, because of fundamental differences between patent and copyright law, the copyright misuse defense requires greater strength on this branch than the patent misuse defense does.

B. *The Analogous Misuse of Patent Defense*

Generally, the misuse of patent defense is established whenever a patent holder uses the patent to violate the antitrust laws or extends

Lasercomb America, Inc. v. Reynolds, 911 F.2d 970, 977-78 (4th Cir. 1990).

52. See e.g., *Service & Training Inc. v. Data General Corp.*, 963 F.2d 680, 690 (4th Cir. 1992).

53. See e.g., *Broadcast Music, Inc. v. Hearst/ABC Viacom Entertainment Services*, 746 F. Supp. 320, 328 (S.D.N.Y. 1990).

54. *Lasercomb*, 911 F.2d at 978.

55. *Id.*

56. See *id.* at 976-77.

the scope of the patent monopoly beyond that given by statute.⁵⁷ Originally, the defense was judicially created⁵⁸ although today it has been recognized⁵⁹ and partially modified⁶⁰ by statute. The statute does not attempt to define what misuse is; rather, it has specified a few things that it is not.⁶¹ To understand the defense, therefore, it is necessary to examine the cases that created it.

Before the 1930s, the courts did not recognize the misuse of patent defense. As one court stated,

The present complainants are entitled by the patent laws to a monopoly, for the term of the patent, of the manufacture and sale of the [invention] made under it. The right to this monopoly is the very foundation of the patent system. They do not lose that right merely because they may have joined in a combination with others, holding other patents securing similar monopolies, which combination may, when judicially examined in a proper forum, be held to be unlawful.⁶²

For the early courts, a violation of the antitrust laws, even one accomplished because of an improper use of the patent monopoly, did not imply that the patent should be disregarded.⁶³ The fact that a patent holder held a property interest in that patent was more important than how that property was used.⁶⁴ One court analogized an antitrust violation by a patent holder to the operation of a brothel by a fee holder.⁶⁵ Just as the fee holder would not lose the real estate

57. See 6 DONALD S. CHISUM, PATENTS § 19.04[2] (1998).

58. See *id.* § 19.04[1][b].

59. See 35 U.S.C. § 271(d) (1994).

60. See Patent Misuse Reform Act of 1988, Pub. L. No. 100-703, § 201, 102 Stat. 4674, 4676 (codified as 35 U.S.C. § 271(d)(4)-(5)).

61. See 35 U.S.C. § 271(d).

62. *Edison Electric Light Co. v. Sawyer-Man Electric Co.*, 53 F. 592, 598 (2d Cir. 1892), *cert. denied*, 149 U.S. 785 (1893).

63. See 6 CHISUM, *supra* note 57, at § 19.04[1][a]; see also *Edison Electric Light*, 53 F.2d 598.

64. See *Brown Saddle Co. v. Troxel*, 98 F. 620, 621 (N.D. Ohio 1899) The court found that

The averment that the complainant is part of a combination or trust is irrelevant and impertinent, for the reason that it is no ground for denying relief for continued trespasses by a third person upon the property of the complainant. The fact that a corporation is part of an illegal combination or trust cannot justify the spoliation of the property which belongs to it by third persons. It is merely seeking by its bill to preserve its rights in its own property. What it may do with that property, or is doing with that property, cannot deprive it of its right to invoke the protection of the court against trespass and infringement."

Id.

65. See *Strait v. National Harrow*, 51 F. 819, 820-21 (N.D.N.Y. 1892).

because of the illegal activity, the patent holder would not lose patent rights.⁶⁶

Starting with *Carbice Corp. v. American Patents Development Corp.*,⁶⁷ the Supreme Court established the misuse defense. In *Carbice Corp.*, the court held,

But [a patentee] may not exact as the condition of a license that unpatented materials used in connection with the invention shall be purchased only from the licensor; and if it does so, relief against one who supplies such unpatented materials will be denied. The limited monopoly to make, use, and vend an article may not be expanded by limitations as to materials and supplies necessary to the operation of it.⁶⁸

Despite *Carbice Corp.*, the lower courts remained hostile to the misuse defense.⁶⁹

In 1942, the Supreme Court decided *Morton Salt Co. v. G.S. Suppiger Co.*⁷⁰ *Morton Salt* definitively established the defense:

Where the patent is used as a means of restraining competition with the patentee's sale of an unpatented product, the successful prosecution of an infringement suit even against one who is not a competitor in such sale is a powerful aid to the maintenance of the attempted monopoly of the unpatented article, and is thus a contributing factor in thwarting the public policy underlying the grant of the patent. Maintenance and enlargement of the attempted monopoly of the unpatented article are dependent to some extent upon persuading the public of the validity of the patent, which the infringement suit is intended to establish. Equity may rightly withhold its assistance from such a use of the patent by declining to entertain a suit for infringement, and should do so at least until it is made to appear that the improper practice has been abandoned and that the consequences of the misuse of the patent have been dissipated.⁷¹

Morton Salt involved a direct tying arrangement where the patent holder required licensees to purchase unpatented salt tablets from the patent holder as a condition for a license to use the patented

66. See *id.* But cf. *Bennis v. Michigan*, 516 U.S. 442 (1996) (finding that a wife's half interest in automobile could be seized by the state for her husband's criminal conduct despite wife's lack of participation or knowledge of the criminal activity).

67. See *Carbice Corp. v. American Patents Development Corp.*, 283 U.S. 27 (1931), *reh'g granted*, 283 U.S. 420 (1931).

68. *Id.* at 31 (footnote, quotation marks, and citation omitted).

69. See 6 CHISUM, *supra* note 57, at § 19.04[1][a].

70. 314 U.S. 488 (1942).

71. *Id.* at 493.

device.⁷² The court did not determine if this practice violated the Clayton Act,⁷³ but did indicate that the practice would make the patent unenforceable.⁷⁴ In subsequent holdings, the court made it clear that it was not a violation of the antitrust laws that was needed; rather, misuse would be found whenever the licensing of a patented article was dependent on the use of another unpatented item,⁷⁵ or when the licensee was being required to pay patent royalties despite not exercising the patent.⁷⁶

Since the *Morton Salt* decision, the courts have more completely defined the misuse defense, developing three principal types of conduct⁷⁷ that will prevent enforcement of the patent:

1. A tying arrangement between protected and unprotected products such as the one involved in *Morton Salt*.⁷⁸
2. A limitation against the licensee developing competing products with that covered by the patent.⁷⁹
3. Coercively requiring blanket licenses of more patents than desired by the licensee without an overriding justification⁸⁰ if the patent holder has market power.⁸¹

⁷² See *id.* at 490.

⁷³ See *id.* Under modern antitrust analysis, the tying of products does not necessarily constitute a violation of the law unless the company involved is a major participant in the particular market, the tying arrangement will likely have an adverse competitive effect and the tying is not independently justified. See e.g., U.S. DEPT. OF JUSTICE & FED. TRADE COMM., ANTITRUST GUIDELINES FOR THE LICENSING OF INTELLECTUAL PROPERTY 26-27 (1995).

⁷⁴ See *Morton Salt*, 314 U.S. at 490.

⁷⁵ See *Transparent-Wrap Machine Corp. v. Stokes & Smith Co.*, 329 U.S. 637, 640 (1947).

⁷⁶ See *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 139 (1969).

⁷⁷ See 6 CHISUM, *supra* note 57, at § 19.04[3].

⁷⁸ See generally *id.* § 19.04[3][a]. As Professor Chisum discusses, Congress has modified the holding in *Morton Salt* by requiring that the patent holder have market power in addition to tying in the unpatented product. See *id.*; see also 35 U.S.C. § 271(d)(5) (1994).

⁷⁹ See *National Lockwasher Co. v. George K. Garrett Co.*, 137 F.2d 255, 256 (3d Cir. 1943); *Compton v. Metal Products, Inc.*, 453 F.2d 38, 44 (4th Cir. 1971), *cert. denied*, 406 U.S. 968 (1972).

⁸⁰ See *American Securit Co. v. Shatterproof Glass Corp.*, 268 F.2d 769, 777 (3d Cir. 1959). An important exception where a blanket patent will not be deemed misuse is where two patents overlap each other so that a device sold under one of the patents would necessarily infringe the other. In this case, no misuse will be found. See *International Mfg. Co. v. Landon, Inc.*, 336 F.2d 723, 729-30 (9th Cir. 1964), *cert. denied*, 379 U.S. 988 (1965).

⁸¹ See 35 U.S.C. § 271(d)(5).

Other types of misconduct outside of these three areas either have not universally been deemed misuse or constitute such a remarkably narrow malfeasance that their applicability is minimal. The courts are split, for example, about whether attempting to collect patent royalties after the expiration of the patent constitutes misuse,⁸² whether (or when) discrimination in royalty requirements among licensees is misuse,⁸³ and the appropriateness of the patent owner controlling the price charged by the licensee for a product made using a patent.⁸⁴ An example of narrow malfeasance sufficient to trigger the misuse defense is collecting royalties based on total sales of the licensee rather than based upon the licensee's actual use of the patent if the "patentee insist[s] on a percentage-of-sales royalty, regardless of use, and . . . reject[s] . . . licensee[s] proposals to pay only for actual use."⁸⁵

C. *The Misuse Defense as It Has Been Applied in Copyright Cases*

Of the cases recognizing the existence of the copyright misuse defense, only a minority have found that misuse was factually established at trial.⁸⁶ Also, as demonstrated above, the cases have been far from unified in what constitutes misuse.⁸⁷ To simplify the analysis of the copyright misuse defense, the three categories of wrongful conduct that have been found to be misuse of patent⁸⁸ will be examined in a discussion of copyright cases.

The appropriateness of examining the patent law in copyright cases was established in *Lasercomb*⁸⁹ and *DSC Communications*.⁹⁰ To

82. Compare *Modrey v. American Gage & Mach. Co.*, 478 F.2d 470, 474-75 (2d Cir. 1973) (holding that post-expiration royalties do not constitute misuse) with *Compton v. Metal Products, Inc.*, 453 F.2d 38, 43 (4th Cir. 1971) (holding that post-expiration royalties would be misuse), cert. denied, 406 U.S. 968 (1972). See generally, 6 CHISUM, *supra* note 57, at § 19.04[3][d] (stating that although a provision requiring royalties after the patent has expired is unenforceable, it is "unclear" if infringement action would be barred by the misuse defense.). As Professor Chisum indicates, the issue of the unenforceability of post-expiration royalty provisions is different from whether such attempts constitute misuse. Cf. *Brulotte v. Thys Co.*, 379 U.S. 29, 33 (1964) ("us[ing patent] . . . leverage to project . . . royalty payments beyond the life of the patent is analogous to an effort to enlarge the monopoly of a patent . . .").

83. See 6 CHISUM *supra* note 57, at § 19.04[3][f].

84. See *id.* at § 19.04[3][g]. Professor Chisum argues strongly that such price fixing does constitute misuse and asserts that the contrary Supreme Court holding in *U.S. v. General Electric Co.*, 272 U.S. 476 (1926), has been, in effect, overruled by subsequent cases. See *id.*

85. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 139 (1969).

86. See *supra* note 19.

87. See *supra* note 33-55 and accompanying text.

88. See *supra* notes 78-81 and accompanying text.

89. See *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970, 977 (4th Cir. 1990).

decide whether Lasercomb's licensing practices constituted misuse, the court held that the misuse of copyright defense is "analogous to the misuse of patent defense."⁹¹ The implication of this analogy is that, at a minimum, what constitutes misuse of a patent should constitute misuse of a copyright or, alternatively, should provide guidance as to what conduct is misuse. Thus, tying a copyright license to non-protected products, interfering with the development of competing products, and using blanket licenses should all be relevant to defining copyright misuse. For this reason, the three patent misuse categories will be examined first. Following this discussion, the language in *Lasercomb* and other cases suggesting that the misuse of copyright defense can be established by conduct violating the policy of the copyright law will be scrutinized.⁹² This article will suggest that a principal source of the policy limitation for this branch of the misuse defense should come from the constitutional balance prescribed for the Copyright laws⁹³ and from the statutorily imposed idea-expression dichotomy.⁹⁴

1. *The Misuse Defense Triggered by Tying an Uncopyrighted Product to the Copyrighted Product*—In *Lasercomb*, the court suggested that using a copyright to violate the antitrust laws would be considered misuse.⁹⁵ The district court had used an antitrust-

90. See *DSC Communications Corp. v. DGI Technologies, Inc.*, 81 F.3d 597, 601 (5th Cir. 1979).

91. *Lasercomb*, 911 F.2d at 977.

92. See *id.* at 978; see also *Mitchell Bros. Film Group v. Cinema Adult Theater*, 604 F.2d 852, 865 (5th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980); *In re Independent Service Organizations Antitrust Litigation*, 964 F. Supp. 1469, 1477 (D. Kan. 1997).

93. See U.S. CONST. art I, § 8, cl. 8.

94. See 17 U.S.C. § 102(b) (1994) ("In no case does copyright protection . . . extend to any idea, procedure, process, system, method of operation, concept, principle or discovery . . .") See generally, RAYMOND T. NIMMER, *THE LAW OF COMPUTER TECHNOLOGY*, § 1.04[1][c] (3d ed. 1997), stating that

Copyright protects 'works of authorship,' but excludes protection for ideas, processes, methods of operation, discoveries, and material objects. The distinction between unprotected ideas (processes or discoveries) and expressive 'works of authorship' defines a fundamental limit of copyright law Throughout, copyright protects only expression. It creates no rights in the ideas expressed, facts disclosed, or processes described Decisions concerning what constitutes an idea (or process) and what constitutes expression are not mere technical questions; they incorporate policy issues. Inherent in a judgment that some facet of a work constitutes protected expression or unprotected idea is a judgment that the particular element of the work should (or should not) be protected against unauthorized copying. Resolution of that issue requires express consideration of competition and innovation policy as well as of the fundamental dichotomy between a free market of ideas and competition dominated by proprietary rights.

95. See *Lasercomb*, 911 F.2d at 978.

style analysis to reject the misuse defense holding that, under the rule of reason concept,⁹⁶ Lasercomb's licensing agreement should be upheld.⁹⁷ The Court of Appeals rejected the necessity of using the rule of reason analysis as that rule only applies to those cases where the copyright monopoly is used to violate the antitrust laws, not in cases where the misuse is predicated on some other type of misconduct.⁹⁸ The court's conclusion that the rule of reason would be appropriate if the misuse alleged is an antitrust violation serves as a clear indication that the court would find the use of a copyright to violate the antitrust laws to be misuse.

Subsequently, in *Service & Training, Inc. v. Data General Corp.*,⁹⁹ this *dictum* in *Lasercomb* was expanded into holding.¹⁰⁰ Unfortunately for the defendant, the court went on to hold that the defense had not been proven.¹⁰¹ Similarly, in *Data General Corp. v. Grumman Systems Support Corp.*,¹⁰² the First Circuit indicated, in *dicta*, that tying the purchase of products to a copyright license could constitute misuse of the copyright.¹⁰³ Finally, in *Broadcast Music, Inc. v. Moor-Law, Inc.*,¹⁰⁴ the district court likewise held that a tying

96. The Supreme Court defined the "rule of reason" that is used in antitrust analysis in *Board of Trade of City of Chicago v. U.S.*, 246 U.S. 231, 238 (1918):

The true test of legality is whether the restraint imposed is such as merely regulates and perhaps thereby promotes competition or whether it is such as may suppress or even destroy competition. To determine that question the court must ordinarily consider the facts peculiar to the business to which the restraint is applied; its condition before and after the restraint was imposed; the nature of the restraint and its effect, actual or probable. The history of the restraint, the evil believed to exist, the reason for adopting the particular remedy, the purpose or end sought to be attained, are all relevant facts. This is not because a good intention will save an otherwise objectionable regulation or the reverse; but because knowledge of intent may help the court to interpret facts and to predict consequences.

As an understatement, much development has occurred since the rule was first announced. See generally, Thomas A. Piraino, Jr., *Making Sense of the Rule of Reason: a New Standard for Section 1 of The Sherman Act*, 47 VAND. L. REV. 1753 (1994); Thomas A. Piraino, Jr., *Reconciling the Per Se and Rule of Reason Approaches to Antitrust Analysis*, 64 S. CAL. L. REV. 685 (1991); James A. Keyte, *What it Is and How it Is Being Applied: the "Quick Look" Rule of Reason*, 11 ANTITRUST 21 (1997).

97. See *Lasercomb*, 911 F.2d at 977.

98. See *id.* at 977-78.

99. 963 F.2d 680 (4th Cir. 1992).

100. See *id.* at 690.

101. See *id.*

102. 36 F.3d 1147 (1st Cir. 1994).

103. See *id.* at 1169-70.

104. 203 U.S.P.Q. 487 (D. Del. 1978).

violation of the Sherman act would constitute a valid misuse of copyright defense.¹⁰⁵

Thus, while it is rare to successfully establish copyright misuse because of a tying violation, there is precedent that such conduct should prevent enforcement of the copyright. Where one must purchase or use additional products or services to gain access to a copyrighted work, the major aspect of the misuse defense based on tying has been established.

It is unclear, however, if the copyright holder must have significant market power before a tying arrangement would constitute misuse. For a tying arrangement to constitute misuse of patent, the market power of the patent holder must be established only because Congress enacted the Patent Misuse Reform Act of 1988.¹⁰⁶ No such showing is required under the judicially developed doctrine.¹⁰⁷ It is unclear whether this congressionally created limitation on the patent misuse defense should be applied to the copyright misuse defense.

On one hand, as the statement of congressional intent in the Patent Misuse Reform Act is clear and the analogous treatment of the two major federal intellectual property laws would seem appropriate, the limitations in 28 U.S.C. § 271(d)(5) should be applied to copyright misuse. Additionally, as the analogous copyright misuse defense has achieved its principal judicial recognition after the patent misuse defense was limited,¹⁰⁸ the full patent misuse defense should be adopted, including existing statutory limitations.

On the other hand, the Patent Misuse Reform Act is an exception to the scope of the misuse defense. Normally, exceptions in the law are read narrowly.¹⁰⁹ This applies to exceptions in a statute¹¹⁰ as well as to those enacted in derogation of the common law.¹¹¹ If

105. *Id.* at 488; see also, *In re Independent Service Organizations Antitrust Litigation*, 964 F. Supp. 1469, 1477-78 (D. Kan. 1997).

106. See Patent Misuse Reform Act of 1988, Pub. L. No. 100-703, § 201, 102 Stat. 4674, 4675 (codified as 35 U.S.C. § 27(d)(4)-(5) (1994)).

107. See e.g., *Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488 (1942).

108. *Lasercomb America, Inc. v. Reynolds* was decided in 1990, two years after Congress adopted the Patent Misuse Reform Act.

109. See e.g., *Parker v. Arthur Murray, Inc.*, 295 N.E.2d 487, 490 (Ill. App. 1973) (contract law); *Aetna Casualty & Surety Co. v. Mevorah*, 56 N.Y.S.2d 842, 844 (Sup. Ct. 1991) (insurance law). See generally, 2A NORMAN J. SINGER, STATUTES AND STATUTORY CONSTRUCTION § 47.11 (5th ed. 1992).

110. See e.g., *U.S. v. Scharton*, 285 U.S. 518, 521-22 (1932); *Lungren v. Deukmejian*, 755 P.2d 299, 304 (Cal. 1988); *Commonwealth v. Edwards*, 370 S.E.2d 296, 299 (Va. 1988); *Conservation Comm'n of Simsbury v. Price*, 479 A.2d 187, 193 (Conn. 1984).

111. See e.g., *U.S. v. Texas*, 507 U.S. 529, 534 (1993) ("In order to abrogate a common law principle, the statute must speak directly to the question addressed by the common law.") (quotation marks omitted). As an interpretation of a federal

read narrowly, the necessity of showing market power that exists in the patent law should not be incorporated into the copyright misuse defense.

The better argument would seem to be the former. By requiring the market power of the copyright holder to be established in order to prove a misuse by tying defense, a consistency between the two federal intellectual property protection schemes will be created. Additionally, the anti-competitive effect of a tying arrangement where the copyright holder has an insignificant market share is minimal as the licensee should be able to easily deal with one of the larger market players. Thus, showing that the copyright holder tied additional products to the copyright license while possessing "market power in the relevant market"¹¹² should be the *prima facie* case of misuse of copyright by tying.

2. *The Misuse Defense Triggered by Preventing the Copyright Licensee from Developing Competing Products*—The principal conduct that the court examined in *Lasercomb America, Inc. v. Reynolds* was Lasercomb's attempt to prevent its licensee from developing competing software.¹¹³ The court found this to be a misuse of the copyright.¹¹⁴ As the court held, the "licensing agreement . . . essentially attempt[ed] to suppress any attempt by the licensee to independently implement the idea which [the copyrighted work] expresses."¹¹⁵ It was this extension of the copyright, not a violation of antitrust principles, which triggered the misuse of copyright.¹¹⁶ Thus, *Lasercomb* is a clear precedent that the second patent misuse category, the unlawfulness of limitations on developing competing products, is also a copyright misuse category. A later Fourth Circuit decision found a similar, but more egregious, violation to that found in *Lasercomb* and thus reconfirmed the *Lasercomb* holding.¹¹⁷

Similarly, the Fifth Circuit in *DSC Communications Corp. v. DGI Technologies, Inc.* addressed DSC's "attempt[] to use its copy-

statute, the misuse of patent defense is part of the federal interstitial common law. See *U.S. v. Little Lake Misere Land Co.*, 412 U.S. 580, 593 (1973). See generally, 3 SINGER, *supra* note 109, at § 61.01

112. 35 U.S.C. § 271(d)(5) (1994).

113. See *Lasercomb*, 911 F.2d at 978.

114. See *id.*

115. *Id.*

116. See *id.* at 979.

117. See *PRC Realty Systems, Inc. v. Nat'l Assoc. of Realtors*, 972 F.2d 341 (4th Cir. 1992). The copyright holder not only attempted to limit the licensee from developing a product which would compete with the copyright holder's, but required the licensee to use its "best efforts" to sell the copyright holder's products and services. See *id.*

right to obtain a patent-like monopoly over unpatented microprocessor cards."¹¹⁸ In this case, DSC objected to DGI's copying and execution of its copyrighted operating system as DGI tested its compatible circuit boards in DSC's telephone switching system.¹¹⁹ Citing *Lasercomb*, the court held that "[t]he defense of copyright misuse forbids the use of the copyright to secure an exclusive right or limited monopoly not granted by the Copyright Office, including a limited monopoly over microprocessor cards."¹²⁰

Thus, the approach of these two circuits seems to be consistent with the second prong of the patent misuse doctrine. An attempt to use the monopoly granted by copyright to forestall others from developing non-infringing products constitutes a misuse of the copyright.

3. *The Misuse Defense Triggered by Using Blanket Licenses to Market Multiple Copyrighted Works*—In *F.E.L. Publications, Ltd. v. Catholic Bishop of Chicago*,¹²¹ the Seventh Circuit discussed blanket licenses as misuse both as an alleged extension of the copyright monopoly and as the tying of products.¹²² F.E.L. was a music publisher that distributed sheet music to the defendant for use in the Catholic church.¹²³ The songs were distributed under a annual license giving the defendant the right to make as many copies as desired of any of the 1,400 songs in F.E.L.'s catalog.¹²⁴ F.E.L. filed suit against the defendant alleging that unauthorized copies of the songs were being made.¹²⁵ The district court entered summary judgment in favor of the defendant as F.E.L. had "extended [its] copyrights over exempt performances of the copyrighted music, and . . . [used] a tying contract and a *per se* violation of the Sherman Act . . ."¹²⁶ The court of appeals reversed the district court on both grounds.¹²⁷

The alleged extension of the copyright monopoly involved whether F.E.L.'s license agreement improperly controlled not-for-

118. *DSC Communications Corp. v. DGI Technologies, Inc.*, 81 F.3d 597, 601 (5th Cir. 1996).

119. *See id.* at 598-99.

120. *Id.* at 601. Ultimately, DSC's use of its copyright was found to be misuse. *See Alcatel USA, Inc. v. DGI Technologies, Inc.*, 166 F.3d 772, 793 (5th Cir. 1999).

121. 214 U.S.P.Q. 409 (7th Cir. 1982), *cert. denied*, 459 U.S. 859 (1982).

122. *See id.* at 413.

123. *See id.* at 410.

124. *See id.*

125. *Id.* at 411. At trial, it was shown that "over one and one-half million unauthorized copies of F.E.L. songs were [made]." *Id.*

126. *See F.E.L. Publications*, 214 U.S.P.Q. at 411 (footnote omitted).

127. *See id.*

profit performances of the songs.¹²⁸ Preventing such performances were not among the rights given the copyright holder under the Copyright Act of 1909.¹²⁹ The court's discussion of this issue assumed that an attempt to license not-for-profit performances would constitute misuse without ever directly so holding.¹³⁰ Instead, the court determined that the F.E.L. license did not attempt to license performances; it only licensed the making of copies and the publication of those copies.¹³¹

The court next turned to an examination of the blanket license used by F.E.L.¹³² In its examination of F.E.L.'s licensing practices, the Seventh Circuit was placed in a conundrum¹³³ between two U.S. Supreme Court precedents, *U.S. v. Paramount Pictures, Inc.*,¹³⁴ dealing with tying arrangements, and *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*,¹³⁵ dealing with blanket licenses. Indeed, a comparison of these two cases serves to highlight the differences between a tying arrangement and a blanket license. As the Seventh Circuit ultimately decided that the license in *F.E.L. Publications* was a blanket license rather than a tying arrangement, *Broadcast Music* will be discussed first.

Broadcast Music involved BMI's practice of issuing a blanket license to CBS for CBS to use copyrighted songs controlled by BMI.¹³⁶ CBS alleged that the blanket license, as price fixing or a tying arrangement, constituted a violation of the Sherman Act.¹³⁷

The Court rejected a *per se* antitrust violation for the blanket license; rather, such licenses were to be subject to the rule of reason.¹³⁸ In the Court's justification of applying the rule of reason, the fact that a monopoly had been given over the performance of music was significant.

128. *See id.*

129. *See* Copyright Act of 1909, 17 U.S.C. § 1(d) (1970), *repealed by* Copyright Act of 1976, Pub. L. No. 94-553, § 101, 90 Stat. 2541. The current copyright code continues this limitation on a copyright holder's rights. *See* 17 U.S.C. § 110(3)-(4) (1994).

130. *See F.E.L. Publications*, 214 U.S.P.Q. at 411-13.

131. *See id.* at 412.

132. *See id.* at 413.

133. *See* Ronald F. Kehoe, *Tying: The Current Balance Between Per Se and Rule of Reason Analysis*, 137 A.L.I.-A.B.A. 233, 244-45 (1995).

134. 334 U.S. 131 (1948).

135. 441 U.S. 1 (1979).

136. *See id.* at 4. The license allowed CBS to perform all of the copyrighted songs as often as CBS wished at a fee that was either a flat fee or was based on total revenues. *See id.* at 5.

137. *See id.* at 6.

138. *See id.* at 16.

In the first place, the line of commerce allegedly being restrained, the performing rights to copyrighted music, exists at all only because of the copyright laws. Those who would use copyrighted music in public performances must secure consent from the copyright owner or be liable at least for the statutory damages for each infringement and, if the conduct is willful and for the purpose of financial gain, to criminal penalties. Furthermore, nothing in the Copyright Act of 1976 indicates in the slightest that Congress intended to weaken the rights of copyright owners to control the public performance of musical compositions. Quite the contrary is true. Although the copyright laws confer no rights on copyright owners to fix prices among themselves or otherwise to violate the antitrust laws, we would not expect that any market arrangements reasonably necessary to effectuate the rights that are granted would be deemed a *per se* violation of the Sherman Act. Otherwise, the commerce anticipated by the Copyright Act and protected against restraint by the Sherman Act would not exist at all or would exist only as a pale reminder of what Congress envisioned.¹³⁹

Further, the Court found that this kind of blanket license served valid economic goals for both the copyright holders and the performers,¹⁴⁰ substantially lowered the cost of licensing the performance of copyrighted works to both groups,¹⁴¹ and did not threaten competition in society.¹⁴² As a consequence, the Court remanded the case for consideration under the rule of reason.¹⁴³

In *U.S. v. Paramount Pictures, Inc.*,¹⁴⁴ the Court was called upon to examine Paramount's practice of block booking.¹⁴⁵ "Block-booking is the practice of licensing, or offering for license, one feature or group of features on condition that the exhibitor will also license another feature or group of features released by the distributors during a given period."¹⁴⁶ The Court found this conduct to be unlawful,¹⁴⁷ and, by implication, a *per se* violation of the antitrust laws.¹⁴⁸ Although the court did not clearly state it, the *Paramount*

139. *Id.* at 18-19 (footnotes omitted).

140. *See Broadcast Music*, 441 U.S. at 20.

141. *See id.* at 21-22.

142. *See id.* at 23.

143. *See id.* at 24-25.

144. 334 U.S. 131 (1948).

145. *See id.* at 156.

146. *See id.*

147. *See id.* at 158.

148. *Cf. id.* at 159.

Pictures licensing arrangement was deemed to be a tying arrangement.¹⁴⁹

Thus, the similar licensing practices in *Broadcast Music* and *Paramount Pictures* results in a remarkably different legal analysis. Some argue that cases such as *Broadcast Music* represent the Court's decision to abolish the *per se* approach itself, consequently subjecting all tying arrangements to a rule of reason analysis.¹⁵⁰ Alternatively, others maintain that both the *per se* and rule of reason approach are viable but the *per se* rule requires a preliminary analysis of the competitive effects of the tying arrangement.¹⁵¹ If the arrangement has an anti-competitive effect, the *per se* rule is used and the practice violates the Sherman Act; otherwise, the rule of reason is used to determine if a violation has occurred.¹⁵² As the Supreme Court held:

In characterizing this conduct under the *per se* rule, our inquiry must focus on whether the effect and, here because it tends to show effect, the purpose of the practice are to threaten the proper operation of our predominantly free-market economy—that is, whether the practice facially appears to be one that would always or almost always tend to restrict competition and decrease output, and in what portion of the market, or instead one designed to increase economic efficiency and render markets more, rather than less, competitive.¹⁵³

The Seventh Circuit in *F.E.L. Publications v. Catholic Bishop of Chicago*, found that F.E.L.'s licensing practices increased the economic viability of the copyrighted compositions.¹⁵⁴ Thus, relying on *Broadcast Music* rather than *Paramount Pictures*, the court concluded that no misuse existed as "the [blanket] license] has many pro-competitive, redeeming features which prevent us from presuming it illegal without further inquiry."¹⁵⁵ Finding that the license agreement had no anti-competitive effect,¹⁵⁶ the court

149. See *Paramount Pictures*, 334 U.S. at 159 ("All we hold to be illegal is a refusal to license one or more copyrights unless another copyright is accepted.").

150. See Piraino, Jr., *Making Sense*, *supra* note 96, at 1757-58.

151. See *F.E.L. Publications, Ltd. v. Catholic Bishop of Chicago*, 214 U.S.P.Q. 409, 414 (7th 1982).

152. See *id.*

153. *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, 441 U.S. 1, 19-20 (1979) (quotation omitted).

154. See *F.E.L. Publications*, 214 U.S.P.Q. at 414.

155. *Id.* at 413.

156. See *id.* at 415.

concluded that there was no violation of the rule of reason¹⁵⁷ and, as a consequence, no misuse of copyright.¹⁵⁸

III. The Intellectual Property Clause of the Constitution

A. *Understanding Article I, Section 8, Clause 8*

The Intellectual Property Clause in the Constitution is somewhat of an enigma. It is included among the eighteen powers of Congress set forth in Section 8 of Article I but, unlike the other clauses, no formal discussion of it occurred at the Constitutional Convention in 1787.¹⁵⁹ Ultimately, it received unanimous support by the delegates.¹⁶⁰ Further, the debate about the Clause that occurred as part of the post-convention ratification process is sparse.¹⁶¹ Thus, only the language used by the framers and what can be deduced about their motivations can be used to construe the Clause. Despite the meagerness of historic information, however, from it one can learn much about the Intellectual Property Clause.

Even the language of the Clause examined in isolation provides important instruction about its meaning. "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."¹⁶² This establishes a clear balance—Congress can grant a limited-in-time monopoly for an individual's¹⁶³ writings or discoveries, but the

¹⁵⁷. *See id.*

¹⁵⁸. *Cf. id.*

¹⁵⁹. *See* Irah Donner, *The Copyright Clause of the U.S. Constitution: Why Did the Framers Include It with Unanimous Approval?*, 36 AM. J. LEGAL HIST. 361, 361 (1992).

¹⁶⁰. *See id.*

¹⁶¹. *See* THE FEDERALIST No. 43 (James Madison). The author's discussion of the Clause was extremely terse: "The utility of [the intellectual property] power will scarcely be questioned. The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law. The right to useful inventions seems with equal reason to belong to the inventors." *Id.*

There was some debate of the Clause in the states as the Constitution was ratified, but it was likewise unusual. Donner only identified two instances outside of THE FEDERALIST No. 43 where this occurred—during Pennsylvania's ratification convention, *see* Donner, *supra* note 159, at 376-77, and in a debate between George Mason and James Iredell, *see id.* at 377.

¹⁶². U.S. CONST. art. I, § 8, cl. 8

¹⁶³. The Constitutional terms "author" and "inventor" are limited to individuals. *See* Ralph D. Clifford, *Intellectual Property in the Era of the Creative Computer Program: Will the True Creator Please Stand Up?*, 71 TULANE L. REV. 1675, 1685 & 1700 n.154 (1997) (authors must be human); *see also id.* at 1696-97 (inventors must be human).

purpose of the monopoly must be to promote progress. Indeed, this balance has been expressly and repeatedly acknowledged by the Supreme Court.¹⁶⁴ "The clause is both a grant of power and a limitation. This qualified authority . . . is limited to the promotion of advances in the 'useful arts.' . . . The Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose."¹⁶⁵ The balance in the Intellectual Property Clause has also been acknowledged by Congress as it has enacted provisions under it.¹⁶⁶

164. See e.g., *Goldstein v. California*, 412 U.S. 546, 555 (1973) ("The clause thus describes both the objective which Congress may seek and the means to achieve it"); *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984). The court stated that

The monopoly privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.

Id.

165. See *Graham v. John Deere Co.*, 383 U.S. 1, 5-6 (1966). This balance has been acknowledged in copyright law, also. See, e.g., *Sony Corp.*, 464 U.S. at 429 (1983).

What is, as of yet, still controversial is whether Congress can sidestep the limitations in the Intellectual Property Clause by invoking its power under the Commerce Clause, U.S. CONST., art. I, § 8, cl. 3. The Eleventh Circuit recently addressed this controversy as follows:

We note that there is some tension between the former line of cases (*Heart of Atlanta Motel*, [379 U.S. 241 (1964)], the *Trade-Mark Cases*, [100 U.S. 82 (1879)], and *Authors League*, [790 F.2d 220 (2d Cir. 1986)]) and the *Railway Labor Executives*, [455 U.S. 457 (1982)] case. The former cases suggest that in some circumstances the Commerce Clause can be used by Congress to accomplish something that the Copyright Clause might not allow. But . . . we take as a given that there are some circumstances, as illustrated by *Railway Labor Executives*, in which the Commerce Clause cannot be used by Congress to eradicate a limitation placed upon Congress in another grant of power.

U.S. v. Moghadam, 175 F.3d 1269, 1279-80 (11th Cir. 1999). In interesting *dicta*, however, the court clouded the waters of its holding: "We assume arguendo, without deciding, that the Commerce Clause could not be used to avoid a limitation in the Copyright Clause if the particular use of the Commerce Clause (e.g., the anti-bootlegging statute) were fundamentally inconsistent with the particular limitation in the Copyright Clause (e.g., the fixation requirement)." *Id.* at 1280 n.12. As the anti-bootlegging statute did not require fixation, see *id.* at 1277, how can it not be "fundamentally inconsistent with . . . the fixation requirement"?

166. See H.R. REP. NO. 2222, at 7 (1909), stating that

The enactment of copyright legislation by Congress under the terms of the Constitution is not based upon any natural right that the author has in his writings, . . . but upon the ground that the welfare of the public will be served and progress of science and useful arts will be promoted by

This balance is unique. Among all of the powers granted Congress in Section 8, only the Intellectual Property Clause limits Congress to the methodology to be used.¹⁶⁷ This difference in drafting reinforces the conclusion that the limitations in the Intellectual Property Clause must be as important, if not more important, than the grant of power.¹⁶⁸ The framers of the Constitution would not have included a unique limitation on Congress's power if it was not to have significance.¹⁶⁹

securing to authors for limited periods the exclusive rights to their writings In enacting a copyright law Congress must consider . . . two questions: First, how much will the legislation stimulate the producer and so benefit the public, and, second, how much will the monopoly granted be detrimental to the public? The granting of such exclusive rights, under the proper terms and conditions, confers a benefit upon the public that outweighs the evils of the temporary monopoly.

Cf. H.R. REP. NO. 94-1476, at 50 (1976) (indicating that some previously proposed changes to the copyright law were not being presented to Congress as the changes "ha[d] not been justified by a showing that [the change's] benefits will outweigh the disadvantage of removing [the subject matter] from free public use.").

167. Compare U.S. CONST. art. I, § 8, cl. 8 with U.S. CONST. art. I, §§ 1-7, 9-18. Several of the clauses have limitations addressed to matters other than methodology, requiring the laws enacted by Congress under the particular clause to be "uniform" see *id.*, art. I, § 8, cls. 1 & 4, limiting war appropriations to lasting two or less years, see *id.*, art. I, § 8, cl. 12, and leaving the selection and training of the militia to the states, see *id.*, art. I, § 8, cl. 16.

Interestingly, the *U.S. v. Moghadam* court did not expressly address the difference in drafting in its analysis. See *U.S. v. Moghadam*, 175 F.3d 1269 (11th Cir. 1999). Of course, as the defendant in the case had waived part of his potential constitutional challenge, the court did not face the limiting language of the Intellectual Property Clause directly. See *id.* at 1282 n.17.

168. Cf. *Golden State Transit Corp., v. City of Los Angeles*, 493 U.S. 103, 107 n.4 (1989) ("We observed that if the first prepositional phrase, referring to constitutional claims, included rights secured solely by the Supremacy Clause, the additional language, providing jurisdiction for claims based on Acts of Congress providing for equal rights of citizens, would have been superfluous. . . . In order to give meaning to the entire statute, we held that the reference to constitutional claims therefore did not include rights secured solely by the Supremacy Clause.") (citations omitted).

169. Cf. *Railway Labor Executives' Assoc. v. Gibbons*, 455 U.S. 457, 468-69 (1982). The court stated:

We do not understand either appellant or the United States to argue that Congress may enact bankruptcy laws pursuant to its power under the Commerce Clause. Unlike the Commerce Clause, the Bankruptcy Clause itself contains an affirmative limitation or restriction upon Congress' power: bankruptcy laws must be uniform throughout the United States. Such uniformity in the applicability of legislation is not required by the Commerce Clause. [Citations omitted.] Thus, if we were to hold that Congress had the power to enact nonuniform bankruptcy laws pursuant to the Commerce Clause, we would eradicate from the Constitution a limitation on the power of Congress to enact bankruptcy laws.

Id. at 469. If Congress is allowed to ignore the balance imposed by the Intellectual Property Clause, it would likewise "eradicate from the Constitution a limitation on

The language chosen by the delegates addressed a fear held by many of them that the federal government, acting through Congress, would obtain the power to grant, effectively, a royal prerogative:

It is precisely because the delegates were familiar with the Statute of Monopolies either on legal or political terms that they were not about to give the Congress any general power to create monopolies. A broad power to create monopolies was too reminiscent of the power of the royal prerogative which was the last thing that anyone (with the possible exception of Alexander Hamilton) wanted to grant to either the executive or the legislative branches contemplated by the proposed Constitution. While the Framers were cognizant that the patent grant constituted an express exception to the general ban on monopolies that had existed in England for more than one hundred and fifty years, they also perceived patents to be monopolies, albeit of a limited and acceptable type. Therefore, if the Framers were to give power to Congress to secure exclusive rights for limited times to inventors in their discoveries, it was necessary to do so expressly. The explicit grant of power would have seemed so obvious as to merit almost no discussion.¹⁷⁰

Thus, the unique drafting of the Intellectual Property Clause was presumably deliberate. The framers were not so concerned with granting the power to issue patents and copyrights;¹⁷¹ instead, they were interested in limiting the scope of any that was granted. The structure of the constitutional section being created, however, was one of grants, not limitations. Consequently, while the framers had to make the grant, both grammatically and to insure that Congress did have the power to issue patents and copyrights, they immediately limited it to prevent abusive monopolies from being created.

the power of Congress" *Id.*

170. Edward C. Walterscheid, *To Promote the Progress of Science and Useful Arts: The Background and Origin of the Intellectual Property Clause of the United States Constitution*, 2 J. INTELL. PROP. L. 1, 37-38 (1994) (footnotes omitted).

171. Indeed, as Walterscheid discusses, James Madison argued in an analogous situation that the lack of a specific grant of power to Congress to support domestic manufacturing did not mean that Congress was prohibited from imposing import duties. See Walterscheid, *supra* note 170 at 27-29. Madison felt that Congress's power under the Commerce and Necessary and Proper Clauses, U.S. CONST., art. I, § 8, cls. 3 & 18, would be sufficient to allow Congress to so legislate. Building the analogy, Walterscheid states, "the absence of an Intellectual Property Clause, or even the outright rejection of such a clause by the Convention, would not *per se* have served as a constitutional ground for precluding the Congress from granting patents under the Commerce Clause." *Id.* at 29.

The broad meaning of Article I, Section 8, Clause 8 is clear. Unlike the powers established by the other clauses in Section 8, the Intellectual Property Clause expressly limits Congress's authority. Congress can grant copyright and patent monopolies, but they must do so to achieve the purpose set forth in the Clause.

B. What "Promote[s] the Progress of Science and Useful Arts"?

As discussed, the Intellectual Property Clause requires Congress to "promote the progress of science and useful arts."¹⁷² But how is "progress" promoted? As has been implied by numerous Supreme Court opinions, the primary, and quite possibly the sole, way that progress is achieved is through the disclosure of the work to the public.

Early in the history of the United States, when the Supreme Court was called upon to interpret the first patent act,¹⁷³ the Court acknowledged the public's right to disclosure when it held that "[t]he full benefit of the discovery, after its enjoyment by the discoverer . . . is preserved."¹⁷⁴ This implication that the useful arts are to be promoted under the constitutional intellectual property scheme by the invention's or writing's disclosure has been reiterated in many subsequent cases both under patent law¹⁷⁵ and copyright law.¹⁷⁶ As the Court stated in *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*,¹⁷⁷

[i]t may seem unfair that much of the fruit of [an author's] labor may be used by others without compensation. As Justice Brennan has correctly observed, however, this is not "some

172. U.S. CONST., art. I, § 8, cl. 8.

173. Act of April 10, 1790, ch. 7, 1 Stat. 109.

174. *Grant v. Raymond*, 31 U.S. 218, 241 (1832).

175. See e.g., *Kendall v. Winsor*, 62 U.S. 322, 328 ("[T]he inventor who designedly, and with the view of applying it indefinitely and exclusively for his own profit, withholds his invention from the public, comes not within the policy or objects of the Constitution He does not promote, and, if aided in his design, would impede, the progress of science and the useful arts.").

176. See e.g., *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 527 (1994) ("[C]opyright law ultimately serves the purpose of enriching the general public through access to creative works"); *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 471, 429 (1984) ("[A copyright monopoly] is intended . . . to allow the public access to the products of [the author's] genius after the limited period of exclusive control has expired."); *U.S. v. Paramount Pictures*, 334 U.S. 131, 158 (1948) ("It is said that reward to the author or artist serves to induce release to the public of the products of his creative genius."); *Baker v. Selden*, 101 U.S. 99, 103 (1879) ("The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains.").

177. 499 U.S. 340 (1991).

unforeseen byproduct of a statutory scheme." It is, rather, "the essence of copyright," and a constitutional requirement. The primary objective of copyright is not to reward the labor of authors, but "[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 principle, known as the idea/expression or fact/expression dichotomy, applies to all works of authorship, . . . This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art.¹⁷⁸

When this disclosure must occur, however, will differ depending on which type of intellectual property is involved.

For patent law, the disclosure occurs upon the issuance of the patent.¹⁷⁹ The application for the patent must include a "specification" of the invention.¹⁸⁰ This specification must fully disclose the invention:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.¹⁸¹

The Copyright Act is less clear about how the copyrighted work is to be disclosed. The primary mechanism of disclosure is contained in the idea/expression dichotomy¹⁸²—the copyright law grants exclusive rights to an author for the expression contained within his or her work,¹⁸³ while it does not grant any rights to the

178. *Id.* at 349-50 (citations omitted).

179. See 35 U.S.C. § 122 (1994) (stating that patent applications are kept in confidence by the Patent and Trademark Office). Once the patent is issued, the application becomes a public document. See *Utah Radio Products Co. v. Delco Appliance Corp.*, 19 F. Supp. 143, 145 (W.D.N.Y. 1937).

180. See 35 U.S.C. § 111 (1994).

181. *Id.* § 112.

182. See *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340, 350 (1991).

183. See 17 U.S.C. § 106 (1994).

underlying ideas.¹⁸⁴ At the same time, unlike the Patent Act, the Copyright Act contains no mandatory provision that requires a copyright holder to disclose the work. Although the statute requires that the work be provided to the copyright office as part of the registration¹⁸⁵ and deposit¹⁸⁶ process created by the statute, neither will necessarily result in the public disclosure of the work. First, neither registration nor deposit is absolutely mandatory as the validity of the copyright is not affected by a failure to perform these acts.¹⁸⁷ Even if they are done, the copyright office is free to limit the materials to be deposited¹⁸⁸ or to return them to the author¹⁸⁹ without apparent constitutional problems.¹⁹⁰ Thus, as a practical matter, although the copyright act disallows an author from claiming ownership of the ideas contained within his or her expression, it does not force the author to actually disclose the work.

Consequently, because of the way that Congress structured the 1976 Act, and in contrast to the patent law where such conduct would be impossible, it has become practical for an author to engage in conduct that constitutes doublethink—a full copyright monopoly can be claimed by an author who never discloses his or her work to the public. In other words, the author is able to claim the copyright monopoly without being required to pay the constitutionally required price. As there is no mechanism within the statute to prevent the author from taking advantage of doublethink, the court should turn to the only existing mechanism that can prevent this abuse—the misuse of copyright defense.

184. See e.g., *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930) (Learned Hand), *cert. denied*, 282 U.S. 902 (1931); see also 17 U.S.C. § 102(b).

185. See 17 U.S.C. § 408.

186. See *id.* §§ 407 & 408(b).

187. See e.g., *Arthur Rutenberg Homes, Inc. v. Drew Homes, Inc.*, 29 F.3d 1529, 1531 (11th Cir. 1994) (finding that copyright registration is not necessary for validity); *Twentieth Century-Fox Film Corp. v. Dunnahoo*, 637 F.2d 1338, 1342-43 (9th Cir. 1981) (finding that copyright deposit is not necessary for validity).

188. See 17 U.S.C. §§ 407(c) & 408(c)(1); see, e.g., 37 C.F.R. § 202.20(c)(2)(vii)(A) (1999).

189. See 37 C.F.R. § 202.20(c)(2)(vi) (1999) (stating that the Copyright Office will return "secure test" deposits to the author after registration).

190. See *National Conference of Bar Examiners v. Multistate Legal Studies, Inc.*, 692 F.2d 478, 484-87 (7th Cir. 1982), *cert. denied*, 464 U.S. 814 (1983). But see, Charles R. McManis, *Intellectual Property Protection and Reverse Engineering of Computer Programs in the United States and the European Community*, 8 HIGH TECH. L.J. 25, 68-69 (1993) ("These Copyright Office regulations in effect create a federal form of trade secret protection for computer programs, but seem inconsistent with the underlying policies of the Copyright Act, and thus may be in excess of the Copyright Office's statutory authority.").

IV. Preventing Constitutional Doublethink—The Applicability of the Misuse Defense to Control Simultaneous Copyright and Trade Secret Claims

There are several ways that the Copyright Act of 1976 may allow an author to engage in doublethink by claiming a copyright monopoly without disclosing the work. First, a work may never be published or distributed with the author maintaining it strictly for his or her own use. Second, an author can publish a work or otherwise distribute it to others,¹⁹¹ but refuse to register or deposit it under the Act. Finally, the work can be published, but in such a way as to attempt to prevent the disclosure of the ideas it contains. As the constitutional analysis of each of these differs, they will be discussed in turn.

A. *Unpublished Works*

There are presumably more unpublished works under the Copyright Act of 1976 than there are published ones. Under the statute, copyright "subsists" in all works that are fixed in a tangible medium of expression.¹⁹² Thus, anytime someone jots down some notes, or even makes a doodle during a meeting, federal copyright protection is obtained for the resulting work. At the same time, most of these unpublished works are never disclosed by the author to anyone, nor does the statute require public disclosure for an unpublished work. There is no mechanism within the act that insures that the public will gain the ideas contained in these works as neither registration nor deposit is required.¹⁹³ Apparently, then, the author is given a monopoly under the Intellectual Property Clause but is never required to comply with the public disclosure obligation that the clause contains.

Congress believed that unpublished works would somehow become available after the passage of time, however. "Common law protection in 'unpublished' works is now perpetual [T]he [1976 copyright] bill would place a time limit on the duration of exclusive rights in them. The [bill] would also aid scholarship and the dissemination of historical materials by making unpublished,

191. For the purpose of this analysis, it is not important if the work has been "published" as that term is defined in Section 101 of the Copyright Act; instead, a broader meaning is implied. Any distribution made by the author is sufficient. See generally, *American Visuals Corp. v. Holland*, 239 F.2d 740, 744 (2d Cir. 1956).

192. See 17 U.S.C. § 102(a) (1994).

193. See *id.* § 407(a) (stating that deposit is only required for "a work published in the United States" (emphasis added)); see also *id.* § 408(a) (stating that registration is "permissive" for all works).

undisseminated manuscripts available for publication after a reasonable period."¹⁹⁴ Indeed, after the author's copyright term expires,¹⁹⁵ anyone who obtains the work would have the legal right to reproduce or otherwise use it as it has entered the public domain.¹⁹⁶ Congress's perspective on the disclosure of unpublished works under the 1976 Act seems to be one of improvement, therefore. As the prior federal copyright law did not apply to unpublished works, thus allowing them to remain undisclosed forever, the new law would ultimately remove any copyright-like restrictions from the use of the work thus providing the public with access to works that theretofore had remained nonpublic.

Even if Congress's assertion of improved access is accepted, however, one can still question whether the disclosure system Congress established for unpublished works complies with the public purpose requirement in the Intellectual Property Clause. Many, if not most, of the unpublished works do not see the light of day; indeed, hundreds of expressions were fixed in a tangible medium of expression but were ultimately discarded during the development of this article. To decide if the system Congress created for unpublished works meets the constitutional requisite of disclosure, the nature of an unpublished work must be considered.

From a practical perspective, as the work is unpublished it is most unlikely that infringement will occur. After all, as many of the unpublished works are destroyed soon after creation and many others have no inherent worth, either no one is in the position to infringe the copyright or no one is likely to try. Consequently, the "real" problem with unpublished works is minuscule as their authors rarely enforce the rights provided under the statute. Furthermore, should the author of an unpublished work wish to enforce any of the rights he or she has under the Act, the unpublished work must be first registered as a

194. H. REP. NO. 1476, at 130 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5746.

195. The term is the life of the author plus seventy years for non-pseudonymous, non-corporate authors, or the shorter of ninety-five years from publication or 120 years from creation for all other types of authors. *See* 17 U.S.C. § 302 (1994), *amended by* Pub. L. No. 105-298, title I, § 102(b), 112 Stat. 2827 (1998). As unpublished works are being discussed, this term would apply even if the work was created before the January 1, 1978 effective date of the 1976 Copyright Act. *See id.* § 303.

196. *See Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 897 F. Supp. 144, 146 (S.D.N.Y. 1995) ("Absent the . . . copyright, Defendant would have had nothing of value to sell or convey to Plaintiffs."), *rev'd on other grounds*, 168 F.3d 586 (2d Cir. 1999), *cert. denied*, 119 S. Ct. 2399 (1999).

prerequisite for bringing suit.¹⁹⁷ Thus, to affirmatively assert any copyright right, some level of disclosure does occur.

As importantly, a countervailing constitutional consideration exists. As the Supreme Court has indicated, the First Amendment protects citizens from more than having speech prohibited—it also prevents them from being forced to speak.¹⁹⁸

Since all speech inherently involves choices of what to say and what to leave unsaid, one important manifestation of the principle of free speech is that one who chooses to speak may also decide what not to say. Although the State may at times prescribe what shall be orthodox in commercial advertising by requiring the dissemination of purely factual and uncontroversial information, outside that context it may not compel affirmance of a belief with which the speaker disagrees. Indeed this general rule, that the speaker has the right to tailor the speech, applies not only to expressions of value, opinion, or endorsement, but equally to statements of fact the speaker would rather avoid, subject, perhaps, to the permissive law of defamation. Nor is the rule's benefit restricted to the press, being enjoyed by business corporations generally and by ordinary people engaged in unsophisticated expression as well as by professional publishers. Its point is simply the point of all speech protection, which is to shield just those choices of content that in someone's eyes are misguided, or even hurtful.¹⁹⁹

Thus, for unpublished works, the constitutional balance is quite different than for other types of works. In evaluating the law, the First Amendment must be considered in addition to the public purpose requirement of the Intellectual Property Clause. Were Congress to require the author of an unpublished work to disclose that work to the public, in effect, Congress would be requiring the author to speak. This Congress cannot do.

Unpublished works, although most often undisclosed, do not create constitutional doublethink problems, therefore. The disclosure requirement of the Intellectual Property Clause is made significantly less important by the nature of unpublished works and,

197. See 17 U.S.C. § 411(a) (1994 & Supp. 1998); see also *Tang v. Hwang*, 799 F. Supp. 499, 503 (E.D. Pa. 1992).

198. See *Hurley v. Irish-American Gay, Lesbian and Bisexual Group of Boston*, 515 U.S. 557, 573 (1995).

199. *Id.* at 573-74 (citations and quotation marks omitted).

effectively, is trumped by the First Amendment's prohibition on compelling speech.

B. Distributed or Published Works Where the Author Fails to Register or Deposit Them

Although some have argued that the deposit²⁰⁰ and registration²⁰¹ requirements in the copyright act serve the purpose of publicly disclosing the work to satisfy the public purpose requirement of the Intellectual Property Clause,²⁰² the statute and its legislative history indicate that deposit and registration serve different purposes from disclosure. For example, "Congress empowered the Register of Copyrights to issue regulations which greatly limit the material that need be submitted in support of the application for registration; indeed, the Register can specify that only 'the deposit of identifying material [be made] instead of copies . . .'"²⁰³ Similarly, for the deposit, "[t]he Register of Copyrights may by regulation exempt any categories of materials from the deposit requirement of this section . . ."²⁰⁴ In discussing these sections, the House Committee indicated that registration and deposit serve an administrative rather than disclosure *raison d'être*:

The fundamental criteria governing regulations issued under section 407(c) . . . would be the needs and wants of the Library [of Congress]. The purpose of this provision is to make the deposit requirements as flexible as possible, so that there will be

200. "Deposit" is a requirement of the statute created in section 407. See 17 U.S.C. § 407 (1994). Although subject to many potential exceptions, it requires an author to provide copies of the work to the Library of Congress upon publication. See *id.* § 407(a).

201. "Registration" is a requirement of the statute created in section 408. See 17 U.S.C. § 408. It is the optional process of formally informing the Copyright Office of the author's claim of copyright. See *id.* § 408(a).

202. See *National Conference of Bar Examiners*, 692 F.2d at 484-85. The court found that

[Multistate] Legal Studies . . . challenges the validity of the secure test regulation upon constitutional grounds. It argues that the regulation serves to conceal the deposited material from public view and thus defeats the purpose of copyright registration as mandated by art. I, § 8, cl. 8, of the United States Constitution, which empowers Congress to '[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors exclusive rights to their respective writings and discoveries.' Legal Studies bases this argument on the idea that actual copies are necessary to provide a public record that delineates the scope of the copyright monopoly.

Id.

203. 17 U.S.C. § 408(c)(1).

204. *Id.* § 407(c).

no obligation to make deposits where it serves no purpose
The regulations . . . would necessarily balance the value of the
copies . . .

to the collections of the Library of Congress against the burdens
and costs to the copyright owner of providing them."

. . .

Subsection (c) of section 408 . . . gives the Register latitude in
adjusting the type of material deposited to the needs of the
registration system. [The Register can] require or permit
deposit of identifying material rather than copies²⁰⁵

Thus, Congress's intent for deposit and registration was not to
satisfy the public disclosure aspect of the Intellectual Property
Clause; rather, they are to allow the Register of Copyrights to
obtain sufficient information about a work to be able to register it
and to allow the Library of Congress to build its collection. It is
inappropriate, therefore, to impart on them a disclosure role.

These administratively oriented deposit and registration
requirements have been upheld by the courts. In *Washingtonian Pub.
Co., Inc. v. Pearson*,²⁰⁶ the Supreme Court condoned this
administrative purpose when interpreting similar procedures in force
under the 1909 Copyright Act.²⁰⁷ "[T]he requirement for deposit is
not for the purpose of [creating] a permanent record of copyrighted
publications and . . . such [a] record is not indispensable to the
existence of the copyright."²⁰⁸ More recently, lower courts have
adopted the same logic for the 1976 Copyright Act.²⁰⁹ Surprisingly,

205. H. REP. NO. 1476, at 130 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5746.

206. 306 U.S. 30 (1939).

207. See *id.* at 41.

208. *Id.*

209. See *National Conference of Bar Examiners v. Multistate Legal Studies, Inc.*,
692 F.2d 478, 485 (7th Cir. 1982), cert denied 464 U.S. 814 (1983). The court stated
that

The recognition in [*Washingtonian Pub. Co., Inc. v. Pearson*] that the
deposit and registration requirements under the Act were procedural
only and not constitutional prerequisites for a copyright has been carried
forward in the current statute by 17 U.S.C. §§ 408(a) and 411(a). Those
provisions make clear that registration is not a condition of copyright
protection. It follows that deposit regulations do not amount to
disclosure requirements; nor as a practical matter can they function as
such since a claimant may register any time prior to bringing suit on an
infringement claim.

Id.; see also *Sylvestre v. Oswald*, No. 91 Civ. 5060 (JSM), 1993 WL 179101, at *2
(S.D.N.Y. May 18, 1993) ("[T]here is no requirement that the Copyright Office
preserve deposits for longer than it deem[sic] necessary, which . . . attenuates the

and constituting a strong statement of the lack of importance that the deposit has under the copyright law, one court felt that the deposit requirement could not be sustained under the Intellectual Property Clause itself; instead, the court felt it necessary to invoke the Necessary and Proper Clause to sustain the requirement.²¹⁰

Thus, as a general matter, neither deposit nor registration appear critical for the Intellectual Property Clause to be satisfied. Other forms of disclosure are sufficient for the public to be benefitted. Except as discussed in Section IV.C *infra*, once published presumably many people will have access to the work.²¹¹ Thus, even if the work itself subsequently disappears, the members of the public who did have access to the work will be able to continue to use freely the ideas it contained.²¹² This satisfies the Intellectual Property Clause.

C. *Published Works Where the Author Attempts to Prevent Disclosure of the Ideas Contained*

For non-published works and works that are distributed but not registered or deposited, satisfaction of the constitutionally mandated public purpose is obtained. But what happens where an author distributes a work, while making deliberate attempts to prevent disclosure of the ideas contained within? In other words, can an author simultaneously claim both a copyright and a trade secret in the same work?²¹³ The constitutionally mandated answer is "no."

A clarifying example will focus the discussion—the creation and distribution of a computer program in the retail marketplace.²¹⁴ In

argument that deposit has a copyright as well as an archival function.") (quotation marks and citation omitted).

210. See *Ladd v. Law & Technology Press*, 762 F.2d 809, 812 (9th Cir. 1985), *cert. denied*, 475 U.S. 1045 (1986). The better argument would seem to be that a deposit requirement is part and parcel of promoting progress under the Intellectual Property Clause. In other words, while deposit of the work may not be constitutionally required by the Intellectual Property Clause, it certainly is allowed by it to encourage broader disclosure.

211. See 17 U.S.C. § 101 (1994) (" 'Publication' is the distribution of copies . . . of a work to the public . . .").

212. See *Suid v. Newsweek Magazine*, 503 F. Supp. 146, 147 (D.D.C. 1980) (finding that "[i]t is elementary that copyright does not preclude others from using the ideas or information revealed by the author's work.") (quotation marks and citation omitted)); *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 547 (1985) (stating that "[n]o author may copyright facts or ideas. § 102. The copyright is limited to those aspects of the work—termed 'expression'—that display the stamp of the author's originality.").

213. Again, the caveat expressed in *supra* note 6, bears repeating. It is not being asserted that copyright law preempts trade secret law in toto. What is being questioned is whether both systems can be used *at the same time* to protect a work.

214. Computer programs provide a good working example as they have been a

designing an intellectual property protection scheme for a program, the author has several choices. The program can be protected in either of the two ways available under the Intellectual Property Clause: copyright²¹⁵ and, though with less than absolute certainty, patent.²¹⁶ Additionally, state trade secret law can also be used.²¹⁷

technology that has severely challenged the schemas of intellectual property law. As one commentator said:

While other technologies have altered the character of society and the legal system in the past, computer technology and information systems now present a unique circumstance. In part, this uniqueness is because of their ubiquitous potential for change and impact, the beginning stages of which were evident at the start of the 1990s. . . . However, the computer revolution is also unique in its reliance on remarkable and astoundingly rapid innovation. Microprocessors continue to become increasingly compact, fast, and more capable. Software is becoming ever more sophisticated and communications systems are made even more intelligent. Although portions of the computer industry have matured or are in the process of maturation, other segments remain wildly innovative and unpredictable. There is an industry-wide emphasis on innovation and research that has affected not only the way in which companies view their position, but also the manner in which nation states, both industrial and newly developing, view their internal economic health and position in the global marketplace. Indeed, although many observers have described this era as the Information or Computer Age, it might equally be described as an Age of Innovation. The ability of businesses in this industry to become or remain commercially viable often hinges on their ability to lead, or at least closely follow, technological innovation. Although research and development play a significant role in many fields, they are critically important in the computer and related industries.

NIMMER, *THE LAW OF COMPUTER TECHNOLOGY*, *supra* note 94 at I-1.

215. See e.g., *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1246-49 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984); H. REP. NO. 1476, at 130 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5746.

216. See *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352 (Fed. Cir. 1999); *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1368 (Fed. Cir. 1998), *cert. denied* 119 S. Ct. 851 (1999). *But see* *Diamond v. Diehr*, 450 U.S. 175 (1981) (holding that a process for curing rubber could be patented despite the use of a computer-implemented algorithm); *Parker v. Flook*, 437 U.S. 584 (1978) (holding that a method for updating alarm limits using a computerized mathematical formula was not patentable); *Gottschalk v. Benson*, 409 U.S. 63 (1972) (holding that an algorithm for converting numbers from binary-coded decimal to binary was unpatentable).

217. See NIMMER, *THE LAW OF COMPUTER TECHNOLOGY*, *supra* note 94, at ¶ 3.02[2] ("There is no dispute that computer . . . software [is an] appropriate subject matter for trade secret protection . . ."); *Dickerman Assocs., Inc. v. Tiverton Bottled Gas Co.*, 594 F. Supp. 30, 35 (D. Mass. 1984); *Digital Development Corp. v. Int'l Memory Systems*, 185 U.S.P.Q. 136, 140 (S.D. Cal. 1973); *Com-Share, Inc. v. Computer Complex, Inc.*, 338 F. Supp. 1229, 1238 (E.D. Mich. 1971), *aff'd*, 458 F.2d 1341 (6th Cir. 1972); *Jostens Inc. v. Nat'l Computer Systems*, 318 N.W.2d 691, 699 (Minn. 1982); *Schalk v. State*, 823 S.W.2d 633, 636 (Tex. Crim. App. 1991) (en banc), *cert. denied*, 503 U.S. 1006 (1992); *State v. Tanner*, 534 So. 2d 535, 538 (La. Ct. App. 1988); *McCormack & Dodge Corp. v. ABC Management Systems, Inc.*, 222 U.S.P.Q. 432, 444 (Wash. Sup. Ct. 1983); *Computer Print Systems, Inc. v. Lewis*, 422 A.2d 148,

Assuming that the program is a typical one, much of its value comes from the difficulty in designing, expressing and testing its algorithms, with a more modest contribution from the algorithms themselves.²¹⁸ Similarly, the coding techniques chosen by the programmers are apt to be fairly common techniques used by programmers in general.²¹⁹ Thus, neither the algorithms nor programming techniques are likely to be novel enough to qualify for a patent.²²⁰

Consequently, the program's author will be left to rely on copyright law, trade secret law, or both; indeed, using both systems simultaneously is quite common.²²¹ Therefore, the author may choose

154 (Pa. Super. Ct. 1980); *Belth v. Insurance Dept.*, 406 N.Y.S.2d 649, 650 (Sup. Ct. 1977).

218. Cf. FREDERICK P. BROOKS, JR., *THE MYTHICAL MAN-MONTH* 20 (ann. ed. 1995); CARMA L. MCCLURE, *MANAGING SOFTWARE DEVELOPMENT AND MAINTENANCE* 3 (1981); Zelkowitz, *Perspectives of Software Engineering*, 10 *COMPUTING SURVEYS* 197 (1978).

219. Numerous collections of standardized algorithms have been published. These collections give the technical details to programmers of how to code specific procedures. More complicated systems can be built from these standardized blocks. See, e.g., 1-3 DONALD E. KNUTH, *THE ART OF COMPUTER PROGRAMMING* (3d ed. 1998); JACK J. PURDUM, ET AL., *PROGRAMMER'S LIBRARY* (1984); NIKLAUS WIRTH, *ALGORITHMS+ DATA STRUCTURES' PROGRAMS* (1976).

220. For this discussion, patentable programs are being excluded as, to obtain a patent, full disclosure of the program—its “enablement”—is needed. See Examination Guidelines for Computer-Related Inventions, 61 Fed. Reg. 7478, 7487 (1996), stating that

An applicant's specification must enable a person skilled in the art to make and use the claimed invention without undue experimentation. . . . For a computer-related invention, the disclosure must enable a skilled artisan to configure the computer to possess the requisite functionality, and, where applicable, interrelate the computer with other elements to yield the claimed invention, without the exercise of undue experimentation.

Enablement “requires that the specification of a patent contain a written description of the claimed invention and the manner and process of making and using that invention in such full, clear, concise, and exact terms as to enable any person skilled in the art to which that invention pertains, or with which it is most nearly connected, to make and use that invention.” *In re Wright*, 999 F.2d 1557, 1561 (Fed. Cir. 1993). This does not require the inventor to disclose the actual code used to program the computer as long as a reasonably skilled programmer could reproduce the program without expending unreasonable efforts. See *Northern Telecom v. Datapoint Corp.*, 908 F.2d 931, 941-43 (Fed. Cir. 1990), *cert. denied*, 498 U.S. 920 (1990).

Without enablement, the patent is void. See *Permutit Co. v. Graver Corp.*, 284 U.S. 52, 54 (1931). Thus, for patented computer software, either adequate disclosure occurs or no patent exists. This makes the constitutional concerns being discussed in this article moot.

221. Using these two schemes together is quite common. See PETER D. ROSENBERG, *PATENT LAW FUNDAMENTALS* § 3.17 (2d ed. 1999); Peter G. Berger, Note, *The 1976 Copyright Act's Preemptive Effect on State Trade Secret Law: Lessons Drawn from Computer Associates v. Altai*, 12 J.L. & COMMERCE 113, 114 (1992);

to register the program although, to preserve any hope of trade secret protection, the provisions of the regulations that allow limited filing of a computer program that contains trade secrets will be used.²²² As the program itself is distributed, the author will insure that each purchaser enters into a valid license agreement²²³ which imposes an appropriate duty of confidentiality on the purchaser.²²⁴

If this dual protection scheme is successful, the author can both have and eat his copyright cake. He or she obtains and uses the monopolistic feast of rights granted by the Copyright Act, but discloses nothing to society in exchange. This is doublethink. As the Copyright statute provides no means for controlling the doublethink,²²⁵ the misuse defense becomes an appropriate mechanism for implementing the constitutional balance contained in the Intellectual Property Clause.

V. Conclusion—Using the Misuse of Copyright Defense to Prevent Constitutional Doublethink

The Intellectual Property Clause of the Constitution was designed to advance knowledge in society by enticing authors and inventors to create new works by giving them a limited monopoly of control over their works. The monopoly is fundamentally limited, however. The author or inventor cannot control the work forever, nor can he or she control aspects of the work that are

David Bender, *Protection of Computer Programs: the Copyright/Trade Secret Interface*, 47 U. PITT. L. REV. 907, 909-10 (1986); Philip McGarrigle, Note, *Simultaneous Copyright and Trade Secret Protection for Computer Programs*, 23 SANTA CLARA L. REV. 1037, 1037-38 (1983); Stephen M. Dorvee, Note, *Protecting Trade Secrets Through Copyright*, 1981 DUKE L.J. 981, 981-82 (1982); see also *Vault Corp. v. Quaid Software Limited*, 655 F. Supp. 750 (E.D. La. 1987), *aff'd*, 847 F.2d 255 (5th Cir. 1988).

222. See 37 C.F.R. § 202.20(c)(2)(A)(2) (1999) (authorizing the deposit of as little as the first and last twenty-five pages of the source code listing "with portions of the source code containing trade secrets blocked-out.").

223. This author will not enter the debate in this article about what is necessary to create a valid license agreement. Compare *Step-Saver Data Systems, Inc. v. Wyse Technology*, 939 F.2d 91 (3d Cir. 1991) with *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996); see also, Rochelle Cooper Dreyfuss, *Do You Want to Know a Trade Secret? How Article 2B Will Make Licensing Trade Secrets Easier (But Innovation More Difficult)*, 87 CALIF. L. REV. 191 (1999).

224. See, e.g., *Electro-Craft Corp. v. Controlled Motion, Inc.*, 332 N.W.2d 890, 897-903 (Minn. 1983) (presenting the requisites under the Uniform Trade Secret Act for creating a trade secret). See generally, Robert G. Bone, *A New Look at Trade Secret Law: Doctrine in Search of Justification*, 86 CALIF. L. REV. 241 (1998).

225. For example, Congress could have more fully preempted state law in section 301 of Title 17 to prevent state law from protecting ideas in works included in the copyright act.

outside of the scope of the defined monopoly. Where the author or inventor attempts to exceed the scope of the monopoly, the misuse defense provides the mechanism by which society protects its ability to advance.

In patent law, because disclosure of the work is a core principle, the misuse defense predominantly controls attempts to use the patent monopoly to gain control of additional markets. The misuse defense is not required to insure disclosure as the patent is invalid *in toto* if nondisclosure occurs.

In copyright law, however, disclosure of the work is not a requisite of obtaining protection. It is possible for the author of obtain a copyright without ever disclosing the work. Thus, the scope of the copyright misuse defense must be expanded from the patent defense. As society's knowledge will not be advanced if the copyrighted work is not disclosed, the misuse defense must be available to prevent the copyright from being enforced until such time as disclosure occurs.

Consequently, both a trade secret and a copyright cannot be asserted at the same time; instead, the author is given an option. The author can enforce the copyright or, alternatively, he or she can enforce the trade secret. But where an author attempts to do both, either by contract or by court action, the misuse defense is triggered.

Until such time as the work is disclosed, no copyright protection can be available. If it were, Orwellian doublethink would be ensconced in American constitutional law.