

## PROMISES! PROMISES!

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Replying to Arthur R. Miller, *Common Law Protection for Products of the Mind: An "Idea" Whose Time Has Come*, 119 HARV. L. REV. 703 (2006).

Apart from introducing full nudity to the big screen, Jayne Mansfield's 1963 film about the travails of getting pregnant, *Promises! Promises!*, is eminently forgettable.<sup>1</sup> But its title provides a felicitous link to ruminate about the enduring contribution made by Professor Arthur Miller in his recent article on idea protection.<sup>2</sup>

First, a salute to the author's baring his past to reveal the half-century gestation of his own oeuvre. The recitation of Dean Griswold's squelching of Professor Miller's 1956 student note,<sup>3</sup> albeit perhaps not the grist for a Grisham novel, is of boundless interest to those of us whose métier lies in the domain of law reviews. Plus, in my particular case, writer's block about idea protection that is measured in decades actually touches uncomfortably close to home.

Let me explain. Over a decade ago, a friend published an article<sup>4</sup> systematically criticizing the approach of Chapter Sixteen of *Nimmer on Copyright*, devoted to "The Law of Ideas."<sup>5</sup> After reading it, I resolved to rewrite the whole Law of Ideas chapter to synthesize an area of law that had spun out of control. But unfortunately, Congress had other ideas. That year, it enacted the Uruguay Round Agreements Act,<sup>6</sup> necessitating the addition of new treatise chapters geared at other domains.<sup>7</sup> Ever since, there has been a whirlwind of voluminous amendments to the Copyright Act, requiring ever new chapters for the treatise to remain abreast of current developments. As a consequence,

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<sup>1</sup> TV Guide calls it a "worthless sexual farce." TVGuide.com, Movie Reviews: Promises! Promises!, <http://online.tvguide.com/movies/database/showmovie.asp?MI=17142> (last visited Jan. 31, 2006); PROMISES! PROMISES! (Donald F. Taylor & Tommy Noonan 1963).

<sup>2</sup> Arthur R. Miller, *Common Law Protection for Products of the Mind: An "Idea" Whose Time Has Come*, 119 HARV. L. REV. 703 (2006).

<sup>3</sup> *Id.* at 706–07.

<sup>4</sup> Lionel S. Sobel, *The Law of Ideas, Revisited*, 1 UCLA ENT. L. REV. 9 (1994).

<sup>5</sup> 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT §§ 16.01–16.08 (2005) [hereinafter NIMMER ON COPYRIGHT].

<sup>6</sup> Pub. L. 103-465, 108 Stat. 4809 (1994) (codified in scattered sections of 7, 15, 17, 18, 19, 21, 26, 28, 29, 31, 35, and 42 U.S.C.).

<sup>7</sup> *E.g.*, 3 NIMMER ON COPYRIGHT, *supra* note 5, §§ 8E.01–8E.05 (anti-bootlegging right); *id.* §§ 9A.01–9A.07 (restoration of foreign public domain works).

I have not been able to canvass the developments punctuating the law of ideas.

So, I was elated to review the belated (but still timely) publication of Professor Miller's 1956 student note. He has, at long last, brought order to this chaotic realm. "Bravo," say I. My own task in revising Chapter Sixteen will be that much easier now, should Congress ever give me a respite from incessant amendments.<sup>8</sup>

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Toward the end of the article, Professor Miller takes issue with my own point of view. With characteristic good grace, he pays tribute to the treatise at the same time that he urges a different resolution. The matter at issue is Judge Easterbrook's conclusion in *ProCD, Inc. v. Zeidenberg*<sup>9</sup> that a cause of action for breach of contract lies outside of copyright preemption.<sup>10</sup> As Professor Miller points out, his disagreement with me is defused to the extent one focuses on the fact that the precise agreement at issue in that case consisted of "a shrinkwrap adhesion contract that purported to bind consumers of expressive material that was both copyrightable (an application program) and non-copyrightable (data)."<sup>11</sup>

I would go further. In that Seventh Circuit case, defendant Zeidenberg's use of the application program violated no copyright, but only the publisher's putative shrinkwrap license. The publisher, plaintiff ProCD, filed suit to redress Zeidenberg's unauthorized use of the data.<sup>12</sup> That data constituted raw telephone listings, the very subject matter that a unanimous Supreme Court had ruled outside of copyright protection as a matter of both statutory construction and constitutional necessity.<sup>13</sup> The vice of *ProCD*'s construction, for me, lies in

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<sup>8</sup> Whenever someone asks me what I think about a new decision that I have just read, my habitual response is, "I won't know how I really feel until I write it up for the treatise." In that spirit, as much as the insights throughout Professor Miller's article strike me as having sounded just the right chord, until I synthesize all the strands myself to write up the chapter anew, I cannot be certain that any particular aspect will harmonize with my final view. Suffice it to say that, at present, it all sounds melodious.

<sup>9</sup> 86 F.3d 1447 (7th Cir. 1996).

<sup>10</sup> *Id.* at 1454-55.

<sup>11</sup> Miller, *supra* note 2, at 771. I focused on the same circumstances at the start of my critique of *ProCD*:

At the outset, it must be recognized that each of those cases [cited by the reversed district court ruling] examined contracts in a context apart from shrinkwrap licenses. By contrast, the previous pronouncement by a circuit court on that latter subject upheld copyright pre-emption. Accordingly, strict adherence to precedent, without even examining the issues afresh, could be viewed as supporting, rather than undermining, the district court's pre-emption ruling.

<sup>12</sup> NIMMER ON COPYRIGHT, *supra* note 5, § 1.01[B][1][a][iii] (footnote omitted).

<sup>13</sup> See 86 F.3d at 1450.

<sup>14</sup> *Feist Publ'ns, Inc. v. Rural Tel. Servs. Co.*, 499 U.S. 340, 363-64 (1991).

its validation of a private scheme, imposed under the guise of “contract,” that is not truly reflective of a bargain between two parties and that undoes the balance that Congress so carefully crafted.<sup>14</sup>

In terms of the particulars, Professor Miller faults me for reading the preemption provision of the Copyright Act as focusing on “exclusive *rights*” rather than, as he would urge, “*exclusive rights*.”<sup>15</sup> That quibble may be on the money;<sup>16</sup> I will ponder it in the context of the next treatise revision. But what is more important for the nonce is that we both agree that validation of the scheme approved of by *ProCD* risks “a quasi-monopolistic dynamic” inimical to the balance underlying copyright law.<sup>17</sup> Common ground between us likewise holds “that *ProCD* and the recent Federal Circuit decision in *Bowers v. Baystate Technologies, Inc.* too easily upheld state contract law in the shrinkwrap context.”<sup>18</sup> I would like to push those aspects further.

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Before getting there, though, I must swing back to offer a different perspective on a separate portion of Professor Miller’s article:

Dramatically altering major aspects of copyright law, the 1976 Act was unmistakably designed to simplify and unify national intellectual property protection. It did away with the mischief-making publication requirement and replaced it with a fixation concept that begins the copyright term at a much earlier, more definite point in time, largely ending the common law/statutory dichotomy.<sup>19</sup>

In many respects, the copyright doctrine of “publication” was indeed the source of endless confusion<sup>20</sup> and much mischief.<sup>21</sup> But in thinking over Professor Miller’s important critique of state law doctrine protecting ideas, I realized that, in other regards, the publication requirement of the predecessor 1909 Act was salutary. We can appreciate how something has been lost even as something has been gained by the cur-

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<sup>14</sup> For the full statement of my critique, see David Nimmer, Elliot Brown & Gary N. Frischling, *The Metamorphosis of Contract into Expand*, 87 CAL. L. REV. 17, 42–63 (1999).

<sup>15</sup> Miller, *supra* note 2, at 770.

<sup>16</sup> The quoted phrase derives from 17 U.S.C. § 301(a), which Congress enacted without any italics, meaning that the emphasis depends on the reader.

<sup>17</sup> Miller, *supra* note 2, at 771.

<sup>18</sup> *Id.* at 772 (footnote omitted).

<sup>19</sup> *Id.* at 763.

<sup>20</sup> Long ago, Judge Frank noted that it is “perfectly clear that the word ‘publication’ does not have the same legal meaning in all contexts” and thereby formulated his famous warning against the “one-word-one-meaning-only fallacy.” *Am. Visuals Corp. v. Holland*, 239 F.2d 740, 742–43 (2d Cir. 1956) (citations omitted); see 1 NIMMER ON COPYRIGHT, *supra* note 5, at OV-10.

<sup>21</sup> See 1 NIMMER ON COPYRIGHT, *supra* note 5, § 4.13 (captioned “Limited Publication: When a Publication Is Not a Publication”).

rent Act's jettisoning of the publication requirement through focusing precisely on the *ProCD* and *Bowers* decisions.

In *ProCD*, plaintiff gathered the public domain information from more than 3000 telephone directories into a collection of five CD-ROM discs.<sup>22</sup> It then sold those sets to the public for \$150,<sup>23</sup> thereby engaging in publication of the included copyrighted search program.<sup>24</sup> My criticism of the ruling in this case is that, although federal copyright law limits the rights of the copyright owner in published works, the Seventh Circuit allowed a private contract to shed those fetters and achieve essentially unlimited rights (in the *uncopyrightable* material no less, i.e., the data, not the program).<sup>25</sup> That ruling allows the purveyor of a work to obtain all the benefits of copyright law with none of its detriments, the latter being substituted through terms from the alternative contract device.<sup>26</sup>

Now let us imagine a different scenario: A company gathers all the phone listings throughout the United States but does not publish them. (Let's call this entity "AmateurCD.") Instead, it wishes to show its handiwork to six entities who might be interested in buying or licensing it. (We'll call them "Looker1" through "Looker6.") To preserve confidentiality, AmateurCD insists that each of the six suitors sign an agreement containing terms *inter alia* forbidding dissemination of the phone listings. I have no objections to enforcement of those negotiated terms. As noted in my write-up of the actual *ProCD* case, "[a]lthough the vast majority of contract claims will presumably survive scrutiny . . . [,] pre-emption should continue to strike down claims that, though denominated 'contract,' nonetheless complain directly about the reproduction of expressive materials."<sup>27</sup> In other words, it is only the small category of exploitations into which *ProCD* falls — emblematic of which are its facts of a shrinkwrap "contract" of adhesion — that the preemptive force of the Copyright Act should preclude.<sup>28</sup> By contrast, AmateurCD should remain free to sue Looker4 for breach of contract, for example.

The fundamental difference between *ProCD* and AmateurCD is that the former is trying to eat its cake and have it too.<sup>29</sup> The latter,

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<sup>22</sup> 86 F.3d 1447, 1449 (7th Cir. 1996).

<sup>23</sup> *Id.*

<sup>24</sup> See 17 U.S.C. § 101 (2000) (defining "publication").

<sup>25</sup> See Nimmer, Brown & Frischling, *supra* note 14, at 52.

<sup>26</sup> See generally Robert A. Kreiss, *Accessibility and Commercialization in Copyright Theory*, 43 UCLA L. REV. 1 (1995).

<sup>27</sup> 1 NIMMER ON COPYRIGHT, *supra* note 5, § 1.01[B][1][a][iii].

<sup>28</sup> See 17 U.S.C. § 301; see also 1 NIMMER ON COPYRIGHT, *supra* note 5, §§ 1.01[B][1]-1.01[B][2] (analyzing the implications of 17 U.S.C. § 301).

<sup>29</sup> On the proper formulation of this aphorism, see RICHARD A. LANHAM, *THE ELECTRONIC WORD* xii (1993).

by contrast, is simply trying to safeguard the confidentiality of its work product before making it public. The former pretends to have achieved a contractual relationship with all buyers despite never bargaining, never achieving a meeting of the minds, and indeed never even having meaningful privity. The latter, by contrast, negotiates with Looker<sub>1</sub> through Looker<sub>6</sub> in true privity and enters into a true contract, subject to all the incidents thereof.<sup>30</sup>

In sum, the difference is: “Promises! Promises!” Only AmateurCD and its Lookers truly manifest a bilateral agreement, obligations being negotiated on both sides. ProCD’s relationship with its customers, albeit recognized as a contract by the Seventh Circuit,<sup>31</sup> could more aptly be styled “Take It Or Leave It!”<sup>32</sup>

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Given that the current Act no longer limits federal statutory copyright protection to published works, both ProCD’s and AmateurCD’s claims must be gauged under the Copyright Act. That is why we were forced in the discussion above to draw fine distinctions under the pre-emption provision of the Copyright Act in order to distinguish their activities.

Now let us rewind the clock to before January 1, 1978, the date that the current Copyright Act took effect. Putting aside the anachronism that CD-ROMs were not available then, how would the scheme in effect under the 1909 Act treat ProCD and AmateurCD?

As to ProCD, its published works would have been subject to copyright protection under that former law no less than under the current law.<sup>33</sup> But what of AmateurCD? Inasmuch as its work was unpublished at the time it entered into the six putative contracts, it had no federal protection for its work.<sup>34</sup> Accordingly, any protection that

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<sup>30</sup> Sometimes, a middle case illuminates. What if ProCD had itself entered into contract negotiations with six buyers? Under those circumstances, I also have no objection to its pursuit of breach of contract causes of action against any of the six that are untrue to their word. But it is hard to imagine why, at the same time that it markets shrinkwrapped works to the general public, ProCD would be taking the time to negotiate individual sales agreements. So, in this instance, the middle case seems unhelpful.

<sup>31</sup> ProCD, Inc. v. Zeidenberg, 86 F.3d 1447, 1455 (7th Cir. 1996).

<sup>32</sup> Sticking with the Jayne Mansfield filmography, an alternative moniker could be *Dog Eat Dog* (Carl Szokol 1964).

<sup>33</sup> There is a further wrinkle that the copyrightable subject matter at issue is computer software, which was not unambiguously accorded protection until 1980. But it is more than arguable that even under predecessor law, software could have achieved copyright protection. See 1 NIMMER ON COPYRIGHT, *supra* note 5, § 2.04[C].

<sup>34</sup> Although the 1909 Act contained a narrow exception allowing proprietors to register unpublished works for statutory protection, the better view is that computer software, even if otherwise eligible for copyright protection, could not qualify thereunder. See 2 *id.* § 7.16[A][2][c][i].

AmateurCD had against its erstwhile business partners arose only under state law.

The result is that *AmateurCD v. Looker2* may proceed under state contract law without any interference from the Copyright Act. An additional consequence follows, perhaps with greater implications for the law of ideas that is the general subject matter of Professor Miller's article: The parallel case of *AmateurCD v. Looker5* may likewise proceed under any other label recognized by the governing law of the state. Thus, Wisconsin law could validate a breach of contract case against Looker2 and an unjust enrichment case against Looker5. The latter is no more subject to challenge under federal law than the former. That hypothetical scenario eliminates one of the confusions plaguing current law, as noted in Professor Miller's article.<sup>35</sup> Thus, the current Act's departure from a publication requirement is not necessarily the unalloyed benefit that is portrayed.<sup>36</sup> Rather, as is so often the case, old mischief is thrown out the front door only at the expense of new mischief flying in through the window.

The question thus rises to the fore whether part of the current problem with the law of ideas is the unfortunate overlay of a federal preemption doctrine of uncertain reach. Imagine that the current Copyright Act had been formulated not to discard the publication requirement but instead had continued in the previous mold to apply only to published works. In that variant world, the vast bulk of idea submission cases from 1978 to the present would have arisen under state law unconstrained by the federal preemption of certain causes of action.<sup>37</sup> It is worth pondering whether state law in that variant circumstance would be less contradictory today.

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As a longtime critic of the reasoning in *ProCD*, I cannot resist adding that Judge Posner recently authored an opinion at odds with that earlier Seventh Circuit decision. The cause of action in *Assessment Technologies of WI, LLC v. WIREdata, Inc.*<sup>38</sup> was for copyright infringement rather than for breach of contract, inasmuch as the defendant was not in privity of contract with plaintiff, whose license agreements ran solely with various municipalities.<sup>39</sup> First noting that a sister circuit had held copying done for purposes of reverse engineering

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<sup>35</sup> See Miller, *supra* note 2, at 773-74.

<sup>36</sup> See *id.* at 763.

<sup>37</sup> I take it as axiomatic that idea submissions arise with respect to unpublished materials. In other words, I discount as exceptional the prospect that a would-be plaintiff presents a published work as his or her idea.

<sup>38</sup> 350 F.3d 640 (7th Cir. 2003).

<sup>39</sup> *Id.* at 646.

to stand outside of copyright liability,<sup>40</sup> *Assessment Technologies* went further to posit that, if plaintiff had entangled public domain data with a copyrightable program such that the data “could not be extracted without making a copy of the program,”<sup>41</sup> then defendant “would be privileged to make such a copy, and likewise the municipalities.”<sup>42</sup> Parallel reasoning back to the earlier case would indicate that Zeidenberg was likewise privileged to copy the public domain data that was entangled into ProCD’s product.

*Assessment Technologies* mentioned *en passant* that the license “might be interpreted to forbid the licensees to release the raw data,”<sup>43</sup> yet it envisioned that the appropriate remedy was the licensees undertaking precisely that forbidden conduct. By ruling that the doctrine of reverse engineering gives contracting parties (the municipalities) a privilege to make a copy in derogation of their contractual undertakings, this decision signals a marked retreat from *ProCD*’s deference to contract law. By the same token, yet another Seventh Circuit decision cites *Feist* to comment that “states may not create copyright-like protections in materials that are not original enough for federal protection, such as a telephone book with listings in alphabetical order.”<sup>44</sup> That sensibility also seems antithetical to the copyright-like protection that *ProCD* accorded under state contract law.

In addition, a postscript is in order about *Bowers v. Baystate Technologies, Inc.*,<sup>45</sup> the Federal Circuit case that Professor Miller criticizes as having “too easily upheld state contract law in the shrinkwrap context.”<sup>46</sup> In that case, a divided panel confronted a jury verdict in favor of plaintiff for copyright infringement, patent infringement, and breach of contract. Defendant appealed the verdict on the last count, arguing that the prohibition against reverse engineering embodied in plaintiff’s shrinkwrap license agreement was preempted. The majority rejected the challenge. In so holding, it sided with *ProCD*, untroubled by any conflict with its own prior precedent holding that reverse engineering performed without consent may qualify as fair use and thereby escape infringement liability.<sup>47</sup> The dissent rejected the preemption

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<sup>40</sup> *Id.* at 644–45 (citing *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992)).

<sup>41</sup> *Id.* at 644.

<sup>42</sup> *Id.* at 645. The opinion’s conclusion constructed four alternative methods by which defendant could legitimately obtain access to the data that it desired. *Id.* at 647–48. All four envision that the municipalities themselves will be integrally involved in defeating the interests of plaintiff, their erstwhile licensing party. *Id.*

<sup>43</sup> *Id.* at 646. Plaintiff interpreted the license “as barring municipalities from disclosing non-copyrighted data.” *Id.* at 647.

<sup>44</sup> *Toney v. L’Oreal USA, Inc.*, 406 F.3d 905, 911 (7th Cir. 2005) (citing *Feist Publ’ns, Inc. v. Rural Tel. Servs. Co.*, 499 U.S. 340 (1991)).

<sup>45</sup> 320 F.3d 1317 (Fed. Cir. 2003).

<sup>46</sup> Miller, *supra* note 2, at 772.

<sup>47</sup> See *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832, 843 (Fed. Cir. 1992).

analysis, siding instead with “the only other federal court of appeals decision that has addressed the issue” of copyright preemption of shrinkwrap licenses.<sup>48</sup>

A later Federal Circuit case reacts violently against the notion that parties may unilaterally invoke “a combination of contractual terms and technological measures, to repeal the fair use doctrine with respect to an individual copyrighted work.”<sup>49</sup> Given that *Bowers* essentially validated just such a course of action,<sup>50</sup> this later sensibility<sup>51</sup> may portend ultimate vindication of *Bowers*’s dissent rather than its majority: “The DMCA [an amendment to the Copyright Act] cannot allow Chamberlain to retract the most fundamental right that the Copyright Act grants consumers: the right to use the copy of Chamberlain’s embedded software that they purchased.”<sup>52</sup> If a federal enactment cannot do so, then a fortiori it would seem that *state contract law cannot allow a party to retract the most fundamental right that the Copyright Act grants consumers: the right to use the copy of the copyright owner’s embedded software that they purchased.* Such reasoning moves inexorably toward undermining the holding of *Bowers*, which allows state contract law to retract the implicated rights.

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These riffs confront two dichotomies — published works versus unpublished works, and federal law versus state law. Part of the challenge in the vast body of cases that Professor Miller confronts inheres in the circumstance that federal law applies to both published and unpublished works, and state law likewise applies to both published and unpublished works. Both *ProCD* and *Bowers* concerned published works that were subject to federal copyright protection. But the Sev-

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<sup>48</sup> *Bowers*, 320 F.3d at 1335 (Dyk, J., concurring in part and dissenting in part) (citing *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255 (5th Cir. 1988)). The opinion continued:

If state law provided that a copyright holder could bar fair use of the copyrighted material by placing a black dot on each copy of the work offered for sale, there would be no question but that the state law would be preempted. A state law that allowed a copyright holder to simply label its products so as to eliminate a fair use defense would “substantially impede” the public’s right to fair use and allow the copyright holder, through state law, to protect material that the Congress has determined must be free to all under the Copyright Act. . . . [S]tate law giving effect to shrinkwrap licenses is no different in substance from a hypothetical black dot law.

*Id.* at 1336–37 (citations omitted).

<sup>49</sup> *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1202 (Fed. Cir. 2004).

<sup>50</sup> The shrinkwrap “contract” at issue in that case purported to eliminate users’ right to engage in reverse engineering of the wrapped product. 320 F.3d at 1323.

<sup>51</sup> Note in addition the court’s reliance on *Assessment Technologies*, discussed above. See *Chamberlain Group*, 381 F.3d at 1201 (citing *Assessment Technologies of WI, LLC v. WIREdata, Inc.*, 350 F.3d 640, 647 (7th Cir. 2003)).

<sup>52</sup> *Id.* at 1203.

enth and Federal Circuits nonetheless allowed each copyright holder to vindicate additional rights under state law. The result is a legal scheme at odds with other cases of the Seventh and Federal Circuits.

A vastly simpler world would be one in which, for the most part, published works were the domain solely of federal statutory copyright protection, and the states needed to keep out of the picture. Correlatively, on this hypothetical planet, state law would form the exclusive regulator of unpublished works, and federal law (along with its preemptive force) would not enter the equation.

The United States was located on that other planet before 1978. At that time, the law of ideas was far less diffuse and confused.<sup>53</sup> Since that time, our country has had to live in a world that mandates a federal system with governments at both levels required to formulate legal regimes governing both published and unpublished works. It is instructive to focus on what has been lost as well as what has been gained. But given that it is certainly too late to turn back the clock to the scheme of the 1909 Act, we can thank Professor Miller for bringing needed order to the law of ideas as it simultaneously exists in two legal domains.

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<sup>53</sup> It had spun out of control by 1994. See Sobel, *supra* note 4.