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Misappropriation: A Retreat from the Federal Patent and Copyright Preemption Doctrine

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NOTES

MISAPPROPRIATION: A RETREAT FROM THE FEDERAL PATENT AND COPYRIGHT PREEMPTION DOCTRINE

I. INTRODUCTION

Ten years ago when the United States Supreme Court decided Sears, Roebuck & Co. v. Stiffel Co., 1 and Compco Corp. v. Day-Brite Lighting, Inc., 2 the question of whether the supremacy clause or the patent and copyright clause of the Constitution 3 precludes state regulation of trade in intellectual property was not resolved. 4 Recently, the Supreme Court has provided new insight into the scope of those decisions and has indicated 5 the extent to which the patent and copyright clause of the Constitution and the federal patent 6 and copyright laws 7 limit state activity. This Note will review the preemption problems involved with particular emphasis given to the effect these problems have had upon the law of misappropriation.

II. THE DEVELOPMENT OF A FEDERAL COPYRIGHT AND PATENT PREEMPTION DOCTRINE AND ITS EFFECTS UPON THE LAW OF MISAPPROPRIATION

A. The Pre-Preemption Law

Before Sears and Compco, it was generally assumed that the discoverer of a patentable invention 8 had two options. He could patent it, thereby disclosing

1. 376 U.S. 225 (1964) [hereinafter referred to as Sears].
2. 376 U.S. 234 (1964) [hereinafter referred to as Compco].
3. U.S. Const. art. VI provides in part: "This Constitution, and the Laws of the United States which Shall be made in Pursuance thereof . . . shall be the Supreme Law of the Land . . . ." Id. art I, § 8 provides in part: "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 . . . ."
his invention to the public and in return obtain a monopoly\textsuperscript{9} limited by time and subject matter on its use, or he could keep his invention from public disclosure in the form of a trade secret\textsuperscript{10} and enforce a state-created monopoly limited by the duration of the secrecy.\textsuperscript{11} In the copyright field, the general rule was that a published work\textsuperscript{12} was either fully protected by federal copyright or it was completely unprotected.\textsuperscript{13} An exception to the general rule was that in some circumstances an author could prevent a direct competitor from pirating or misappropriating published material and selling it to the

\textsuperscript{9} The monopoly represented by the patent grant is the right to exclude others from making, using, or selling the invention throughout the United States for seventeen years. 35 U.S.C. § 154 (1970). This concept of the patent as an exchange of monopoly for public disclosure between state and inventor has its origin in 15th century Venetian laws. See Mandich, Venetian Patents (1450-1550), 30 J. Pat. Off. Soc'y 166, 206 (1948).

\textsuperscript{10} "A trade secret may consist of any formula, pattern, device or compilation of information which is used in one's business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers." Restatement of Torts § 757, comment b at 5 (1939). This is the most widely accepted definition of a trade secret. See Kewanee Oil Co. v. Bicron Corp., 94 S. Ct. 1879, 1883 (1974). See generally Wydick, Trade Secrets: Federal Preemption in Light of Goldstein and Kewanee (pt. 1), 55 J. Pat. Off. Soc'y 736, 737 (1973) [hereinafter cited as Wydick]; Note, Patent Preemption of Trade Secret Protection of Inventions Meeting Judicial Standards of Patentability, 87 Harv. L. Rev. 807, 809 (1974).

\textsuperscript{11} Generally three elements make up a cause of action for misappropriation of a trade secret: (1) proof of the existence of an idea treated by the owner as a secret and not generally known; (2) improper use or disclosure; (3) proof of loss. Note, Common-Law and Statutory Sanctions for Industrial Espionage—A Need for Revision, 52 Iowa L. Rev. 63, 66 n.20, 66 n.34 (1966).

The distinction in protection between a patent and a trade secret is that the patentee can stop anyone from using his invention in a manner that infringes the claims of his patent including a later independent discoverer of the same invention. See 35 U.S.C. § 271(a) (1970). The trade secret proprietor, on the other hand, can stop only those who use the secret in breach of contract, breach of confidential relationship or after discovery by improper means. Restatement of Torts § 757 (1939); Wydick (pt. 1) at 738-39.

\textsuperscript{12} A common law right in unpublished writings and related creative works has been recognized by the United States Supreme Court since the first copyright case. See Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834). The current copyright statute preserves this right and provides in pertinent part: "Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor." 17 U.S.C. § 2 (1970). The Proposed Revision of the Copyright Law provides in § 301(b) that all rights in unpublished works which come within the subject matter specified by the statute are governed exclusively by the statute. This section does, however, retain the common law copyright as to material that is not within the subject matter of the statute. S. 1361, 93d Cong., 2d Sess. § 301(b) (1974).

\textsuperscript{13} Wheaton v. Peters, 33 U.S. (8 Pet.) 591 (1834); National Comics Publications v. Fawcett Publications, 191 F.2d 594, 598 (2d Cir. 1951). While Wheaton v. Peters is generally cited for this proposition, a close reading of the opinion indicates that the case turned on the fact that the author of a published work, who had acquired no statutory copyright, claimed that he should be protected by state common law in a state which had no common law on the subject. See S. Rothenberg, Legal Protection of Literature Art and Music § 7, at 5-6 (1960).
In both the law of trade secrets and the law of misappropriation, the states were protecting the commercial "head-start" advantage of the inventor or author. In so doing, the states were to some extent disturbing the balance between the need to preserve free competition, the need to protect the inventor and the need to promote invention and originality which has been established in the federal patent and copyright statutes.

In the leading misappropriation case, *International News Service v. Associated Press*, the Supreme Court described the tort of misappropriation as an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not.16

In this case, INS was appropriating AP's news releases. The Court recognized that AP had a property right in its news reports as against competitor INS, which was based upon AP's expenditure of money and effort to produce the material in marketable form. Accordingly, it appears that a cause of action grounded on misappropriation must allege direct competition with the plaintiff by the use of plaintiff's appropriated materials. The Court's decision apparently was based upon two considerations: the need to prevent one person from reaping the fruits of another's labors and the realization that any other decision would operate as a disincentive to the dissemination of the news.18 It is primarily the former consideration that is relevant to record piracy, the area in which the law of misappropriation and the problems of federal preemption can be seen most clearly.

The first record piracy cases dealt with misrepresentation or palming-off, rather than misappropriation, but the courts soon recognized an ill-defined


15. 248 U.S. 215 (1918).

16. Id. at 240.

17. Id. at 239.

18. Id. at 241.

19. Fonotopia Ltd. v. Bradley, 171 F. 951 (C.C.E.D.N.Y. 1909), overruled, G. Ricordi & Co. v. Haendler, 194 F.2d 914, 916 (2d Cir. 1952). In this case plaintiff sought to enjoin duplication of its phonograph records which were being mislabelled and sold at cut-rate prices by a pirate in direct competition with plaintiff.
proprietary interest in the performance embodied in a sound recording. The courts based this proprietary interest in the recorded performance on the theory that an equitable servitude was created by the use restrictions printed on the record labels. In the 1940s the courts began to recognize the copyright preemption problem in the record cases. The Court of Appeals for the Second Circuit held that the record producer may base his recovery only upon his own rights in the record. The court further held that these rights, following a publication sufficient to destroy the state common law copyright, arise only from the statutory copyright. This decision was later held inapplicable and recovery on similar facts was allowed on a misappropriation theory. Recovery based upon misappropriation was the general rule in record pirate cases prior to Sears and Compco.

B. The Sears Compco-Preemption Doctrine

In Sears, as in Compco, the question before the Court was "whether a State's unfair competition law can, consistently with the federal patent laws, impose liability for or prohibit the copying of an article which is protected by neither a federal patent nor a copyright." In both cases the defendants had

20. See, e.g., Waring v. WDAS Broadcasting Station, Inc., 327 Pa. 433, 194 A. 631 (1937), where the court characterized a restriction against broadcast as an "equitable servitude" and enjoined further broadcast by the pirate radio station. The basis of the decision was the court's conclusion that Waring had retained some sort of proprietary interest in the recording by virtue of the restriction and that therefore the distribution of the records with the restriction clearly on the label as a notice that such an interest was being retained was not a sufficient publication of the recordings to nullify Waring's common law copyright. See also National Ass'n of Performing Artists v. William Penn Broadcasting Co., 38 F. Supp. 531 (E.D. Pa. 1941); Waring v. Dunlea, 26 F. Supp. 338 (E.D.N.C. 1939).

21. RCA Mfg. Co. v. Whiteman, 114 F.2d 86 (2d Cir.), cert. denied, 311 U.S. 712 (1940). The court stated that were it to allow recovery in such circumstances it would be invading the province of the legislature. Id. at 90. See Shapiro, Bernstein & Co. v. Miracle Record Co., 91 F. Supp. 473 (N.D. Ill. 1950); Supreme Records, Inc. v. Decca Records, Inc., 90 F. Supp. 904 (S.D. Cal. 1950).

22. Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955). In this case defendants were recording and directly competing, at a cut-rate price, with the owner of the original for the same market. The sole basis for overturning the RCA (see note 21 supra) case was that the doctrine of Erie R.R. v. Tompkins, 304 U.S. 64 (1938), required the court to follow an intervening New York decision, Metropolitan Opera Ass'n v. Wagner-Nichols Recorder Corp., 199 Misc. 786, 101 N.Y.S.2d 483 (Sup. Ct. 1950), aff'd mem., 279 App. Div. 632, 108 N.Y.S.2d 977 (1st Dep't 1951). The latter case allowed recovery on similar facts for misappropriation and followed International News Serv. v. Associated Press, 248 U.S. 215 (1918). See 199 Misc. at 796, 101 N.Y.S.2d at 492.


23. 376 U.S. at 225 (1964). In Compco Justice Black defined the issue to be "whether the use of a state unfair competition law to give relief against the copying of an unpatented industrial design conflicts with the federal patent laws." 376 U.S. at 234.
MISAPPROPRIATION

243

copied and marketed plaintiff's patented lighting fixtures.24 Plaintiffs brought
suit alleging patent infringement under federal law and unfair competition
under Illinois law.25 Although the patents were held invalid26 by the lower
court, both defendants were found liable for unfair competition.27 The
Supreme Court reversed on the unfair competition issue and held that the
application of the Illinois unfair competition law was precluded because it
was in conflict with the federal patent laws.28 While there is language in both
opinions which can be read to indicate that the Court based its holding on a
preemption theory which emphasized a need for uniform national standards
in the protection of intellectual property,29 there also is Court language to the
effect that the patent and copyright clause of the Constitution30 provides for
the right to copy whatever the federal patent and copyright laws leave in the
public domain.31 Accordingly, one may conclude from these opinions that
there are two possible constitutional grounds, operating either alone or in
conjunction, which preclude states from regulating the copying of materials in
the public domain: (1) the power to do so is vested exclusively in the Congress
under the patent and copyright clause of the Constitution, and/or (2) the
federal patent and copyright laws preempt state activity in the field by virtue
of the supremacy clause.32 In addition, the opinions left the states' common
law of misappropriation and trade secrets in doubt, because the Court
appeared to equate the lack of a patent, for whatever reason, with entry of
the material into the public domain, and stated that anything in the public
domain "can be copied in every detail by whoever pleases."33

Broadly construed, the opinions of the Court in Sears and Compco seem to
indicate that state protection afforded in the patent and copyright area may
not affect adversely the balance established by the federal patent and
copyright legislation between the preservation of free competition and the
promotion of invention and originality. A short concurring opinion by Justice
Harlan in Compco suggests, however, that there indeed may be a state

24. See Sears, 376 U.S. at 225-26; Compco, 376 U.S. at 234-35.
25. Sears, 376 U.S. at 226; Compco, 376 U.S. at 235. The unfair competition claims were
based upon source confusion or palming-off. Sears, 376 U.S. at 226; Compco, 376 U.S. at 235.
26. Sears, 376 U.S. at 226; Compco, 376 U.S. at 235.
27. Sears, 376 U.S. at 226; Compco, 376 U.S. at 235.
28. Sears, 376 U.S. at 231-33; Compco, 376 U.S. at 237.
29. According to the Court in Sears: "[T]he patent system is one in which uniform federal
standards are carefully used to promote invention while at the same time preserving free
competition. Obviously a State could not, consistently with the Supremacy Clause of the
Constitution, extend the life of a patent beyond its expiration date or give a patent on an article
which lacked the level of invention required for federal patents. . . . Just as a State cannot
encroach upon the federal patent laws directly, it cannot, under some other law, such as that
forbidding unfair competition, give protection of a kind that clashes with the objectives of the
federal patent laws." 376 U.S. at 230-31 (footnotes omitted).
30. See note 3 supra.
31. Sears, 376 U.S. at 231; Compco, 376 U.S. at 237-38.
32. U.S. Const. art. VI.
33. Compco, 376 U.S. at 238. It is clear from Compco that a state can require labelling of
confusingly similar products. Id. at 238.
interest in the protection of intellectual property sufficient to justify such a
disruption of the federal scheme, particularly where "specifically oriented
predatory business practices" are found. The preemption problem was again
before the Court in Lear, Inc. v. Adkins, where one of the issues was
whether federal patent policy bars a state from enforcing a contract regulating
access to an unpatented secret idea. The Court did not resolve this issue and
refused to decide how the California courts would reconcile the competing
interests of state contract law and federal patent policy. This case was the
first indication by the Court after Sears and Compco that the states may not
be totally precluded from regulating trade in unpatented articles. The extent,
however, of the permissible state regulation, if any, was not determined by
the Court. After Lear two interrelated problems remained: (1) whether the
states, under the Constitution, have any reserve power to regulate the copying
of unpatented and uncopyrighted material, particularly in the area of misap-
propriation and trade secrets, and (2) if such power exists how far it extends
before it conflicts with the federal patent and copyright laws.

C. Preemption in Practice

The development of the law of misappropriation after Sears and Compco
occurred primarily in the courts of the state of New York. The most

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34. Id. at 239 (Harlan, J., concurring). Justice Harlan indicated that this concurring opinion
in Compco is the same as in Sears. Id.
36. Id. at 675. The Court in this case did overrule the doctrine of licensee estoppel previously
essence of the doctrine was that the licensee who has agreed to pay the patentee for the use of an
invention claimed in a patent is forever barred from challenging the validity of the patent. Id. at
836.
37. 395 U.S. at 675. For a more recent and highly significant example of a federal court
refusing to allow federal patent policy to abrogate state contract law see Ransburg Electro-
Coating Corp. v. Spiller & Spiller, Inc., 489 F.2d 974, 977-78 (7th Cir. 1973). This case involved
concurrent litigation of the validity of the same patent in two different district courts: the
patentee against a manufacturer-vendor in a fourth circuit district court (Ransburg Electro-
Cir. 1963)) and the patentee against the manufacturer's vendee in a seventh circuit district court.
The Court of Appeals for the Fourth Circuit ultimately held that the device in question did not
infringe the patent. 317 F.2d at 303. Prior to this judgment, the vendee had entered into a
contract in settlement of the Seventh Circuit litigation. The patentee, after his defeat in the Fourth
Circuit, brought suit to enforce the settlement contract in the Seventh Circuit. The vendee argued
that under the rule of Blonder-Tongue Laboratories, Inc. v. University Foundation, 402 U.S. 313
(1971), the patentee was estopped by the prior judgment of noninfringement from asserting
infringement against a vendee who purchased the same device, and as a result was also estopped
from enforcing a contract in settlement of a suit based upon that purchase. The District Court for
the Northern District of Illinois agreed with this argument and held that the patentee was
estopped by the prior judgment from asserting infringement against the vendee. Ransburg
modified, 489 F.2d 974 (7th Cir. 1973). The court of appeals reversed on the settlement contract
issue and held that the contract, which clearly was enforceable under state law, still was
enforceable, federal patent policy notwithstanding. 489 F.2d at 977.
38. See generally 35 Fordham L. Rev. 385 (1966) and cases cited therein. See also note 40
significant development was the introduction of a theory of recovery for misappropriation based upon the distinction between copying or product simulation and wrongful appropriation or theft. This distinction was followed in a record piracy case where the court permitted recovery for misappropriation and concluded that neither Sears nor Compco stands for the proposition that this plaintiff is not entitled to protection against the unauthorized appropriation, reproduction or duplication of the actual performances contained in its records.

While many other courts have followed the rationale of these decisions and granted relief for misappropriation, the Court of Appeals for the First Circuit seriously undercut the misappropriation theory of recovery after Sears and Compco in CBS, Inc. v. DeCosta. In that case CBS, as originator of the television show “Have Gun Will Travel,” was sued by a Rhode Island mechanic (DeCosta) for misappropriation of the character “Paladin.” The character in the television show was very similar to the one created by DeCosta. Nevertheless, the court stated in effect that a remedy for misappropriation no longer existed and that the International News Service case was overruled by Sears and Compco. In addition, the court indicated that

infra. But see Cable Vision, Inc. v. KUTV, Inc., 335 F.2d 348 (9th Cir. 1964), cert. denied, 379 U.S. 989 (1965), where the court refused to uphold the relief granted by the lower court on defendant's counterclaim, which alleged that plaintiff's simultaneous broadcast of network television shows via a community antenna system constituted unfair competition in derogation of defendant's claimed exclusive rights. The court held that Sears and Compco stated a policy of allowing free copying of all material in the public domain and that copyright protection was the only remedy. Id. at 351, 354. Accord, Herald Publishing Co. v. Florida Antennavision, Inc., 173 So. 2d 469, 473-74 (Fla. Dist. Ct. App. 1965). The Supreme Court has recently indicated that copyright protection may not be the remedy either. See Teleprompter Corp. v. CBS, Inc., 415 U.S. 394, 405 (1974), discussed in note 51 infra. See Note, Cable Television and Copyright Royalties, 83 Yale L.J. 554 (1974).


41. Id. at 881; 252 N.Y.S.2d at 556.


43. 377 F.2d 315 (1st Cir.), cert. denied, 389 U.S. 1007 (1967).

44. Id. at 318.

45. Id. at 318-19.
since the character of "Paladin" was, according to the court, encompassed by the copyright law, and since its creator had no statutory copyright, it could be copied at will, once the originator's common law copyright was lost by publication.

After Sears and Compco then, an inventor or an author of an item in the public domain had to obtain a federal patent or copyright in order to ensure protection of this item. His only alternative under state law was to bring suit for misappropriation in a jurisdiction in which the courts were willing to make the elusive distinction between appropriation and copying and to thereby evade the thrust of the decisions in Sears and Compco. Recently, however, the Supreme Court in two important decisions has redefined and limited Sears and Compco. In Goldstein v. California, the Court held that states may protect items in the public domain which fall outside the statutory subject matter for a copyright and in so doing limited Sears and Compco to the patent sphere. In Kewanee Oil Co. v. Bicron Corp., the Court held that states may protect items not in the public domain, even if they are within the statutory subject matter for a patent. The application of Sears and Compco in the patent sphere was accordingly limited to works which are in the public domain.

III. A RETREAT FROM COPYRIGHT PREEMPTION

At issue in Goldstein v. California was the validity of a California penal statute proscribing the unauthorized copying by duplication of phonograph.
records and tapes. Petitioners misappropriated the performance in sound recordings through the manufacture and sale of duplicates of legitimately produced recordings at a fraction of the original production price. It is central to the decision in Goldstein that the actual recordings involved in the case, as opposed to the lyrics, music, or arrangements recorded therein, were not entitled to copyright protection. Petitioners asserted that the California statute was invalid on the ground that it was in effect a state copyright act and was therefore in direct conflict with the patent and copyright clause of the Constitution and the patent and copyright laws, as well as with the decisions in Sears and Compco. The petitioners specifically urged that Congress intended to allow individuals to copy any work that is not protected by federal copyright. The Court in a five to four decision upheld the California statute.

Chief Justice Burger, writing for the Court, first considered petitioner's argument that the California statute was invalid under the patent and copyright clause of the Constitution. In order to determine the circumstances which will give rise to the inference that the states intended to delegate a sovereign power exclusively to the federal government, the Court quoted Alexander Hamilton who, speaking in The Federalist, indicated that exclusive delegation will be found in only three circumstances:

phonograph record . . . tape . . . or other article on which sounds are recorded, with intent to sell or cause to be sold . . . such article on which such sounds are so transferred, without the consent of the owner." Cal. Penal Code § 653ha(1) (West 1970).

The Court pointed out that this statute places no limitation on petitioner's use of the lyrics, arrangement or music used in the recording; nor does it preclude petitioners from hiring their own artists and copying the performance, or even from hiring the same artist and duplicating the performance. 412 U.S. at 550-51. From this it would appear that the Court recognized that this statute in effect provides a criminal penalty for the tort of misappropriation.

51. Such recordings are now entitled to a federal copyright by virtue of the 1971 Amendments to the Copyright Act, 17 U.S.C. §§ 1(f), 5(n), 19, 20, 26, and 101(e) (Supp. II, 1972). See also 85 Stat. 391 (1971) for the effective dates of the amendments. While it would appear that one who obtains a copyright on a recording can now protect himself from the misappropriation of the performance embodied therein by virtue of the copyright, it is interesting to note that the reception and retransmission of broadcast television signals by a community antenna television system (CATV) does not constitute a misappropriation of the performance or an infringement of the copyright. The Supreme Court has held that the "reception and rechanneling of these signals for simultaneous viewing is essentially a viewer function. . . ." Teleprompter Corp. v. CBS, Inc., 415 U.S. 394, 408 (1974). The Court of Appeals for the Third Circuit has recently extended Teleprompter to cover radio broadcasts, holding that logic dictates that no performance and therefore no infringement results when the defendant merely activates his radio. Twentieth Century Music Corp. v. Aiken, 182 U.S.P.Q. 388, 395 (3d Cir. June 21, 1974).

52. See note 3 supra.

53. 412 U.S. at 551.

54. Id. As a corollary argument, petitioner asserted that 17 U.S.C. § 2 (1970)—the common-law copyright reservation to the states (see note 12 supra)—did not authorize a state criminal penalty, since the record, upon public release, is published and in the public domain within the meaning of the federal law. 412 U.S. at 551.

55. 412 U.S. at 552-60.
"Where the Constitution in express terms granted an exclusive authority to the Union; where it granted in one instance an authority to the Union, and in another prohibited the States from exercising the like authority; and where it granted an authority to the Union, to which a similar authority in the States would be absolutely and totally contradictory and repugnant."\(^{56}\)

Noting that the first two instances were inapplicable to the case at bar, the Court based its decision concerning total state exclusion from the patent and copyright power upon a three-pronged test. The test was designed to permit the Court to determine whether a state patent and copyright power would be totally contradictory and repugnant to the federal government's power in this area.\(^{57}\) Under the first prong of the test the Court considered whether or not the problem required a uniform national solution\(^{58}\) and concluded that the subjects of the copyright power do not require such solution.\(^{59}\) It has, however, been suggested that the Court's reasoning does not recognize the real impact of literary, musical and artistic works in the United States.\(^{60}\) The Court stressed that no published work will have uniform appeal throughout the nation because of the great national diversity in taste in the various regions of the country.\(^{61}\) This, however, ignores the fact that such a diversity in taste and interest in literary matters has little or no relationship to regional differences. In addition it ignores the fact that book publishers, record producers and television and motion picture companies direct their appeal at a national or an international market.\(^{62}\)

The second prong of the Court's test was to determine whether the power to grant copyrights by some states would prejudice the interest of other states.\(^{63}\) The Court concluded that no prejudice would result sufficient to infer an exclusively federal power.\(^{64}\) This is questionable, since it can be argued that the copyright power of each state is proportionately diluted in value to the extent that the other states do not offer similar protection. The Court, however, compared the state copyright power to other state concessions such as the state lotteries or food concessions,\(^{65}\) which are not rendered worthless by the fact that the citizens of the state avoid them by making purchases in another state. This argument, however, does not take into account the fact that the economic benefits of copyright protection are directed to the individual copyright proprietor and not to the state (as with a lottery), and that it

\(^{56}\) Id. at 552-53, quoting The Federalist No. 32, at 241 (B. Wright ed. 1961) (A. Hamilton).
\(^{57}\) 412 U.S. at 553-54.
\(^{58}\) Id. at 554-58.
\(^{59}\) Id. at 558.
\(^{60}\) M. Nimmer, 1 Nimmer on Copyright § 1.1, at 3 (1974) [hereinafter cited as Nimmer].
\(^{61}\) 412 U.S. at 557-58.
\(^{62}\) 1 Nimmer § 1.1, at 4.
\(^{63}\) 412 U.S. at 558.
\(^{64}\) Id. The Court stated that the “conflict is neither so inevitable nor so severe as to compel the conclusion, that state power has been relinquished to the exclusive jurisdiction of the Congress.” Id.
\(^{65}\) Id.
MISAPPROPRIATION

is the economic incentive to the individual that is the basis of the copyright system. In fact, it has been suggested that the only reason that copyrights in general have not been rendered totally worthless is that Congress has seen fit to almost totally occupy the field.\textsuperscript{66} The third prong of the Court's test was to determine whether a conflict between Congress and the states in the exercise of concurrent copyright power\textsuperscript{67} was so inevitable that it precluded an inference of state copyright power. The Court concluded that such a conflict was not inevitable, at least in a situation in which Congress has taken no action in providing copyright protection to a particular subject matter and the states have acted to protect that subject matter.\textsuperscript{68} The Court then decided that the patent and copyright clause does not deprive the states of all copyright power.\textsuperscript{69} It is suggested that this conclusion is sound, if for no other reason than that the Court\textsuperscript{70} and the Congress\textsuperscript{71} have put this construction upon this clause in the past, and that a contrary conclusion would render worthless large numbers of valuable unpublished manuscripts and works.\textsuperscript{72}

Turning to the preemption problem, the Court initially examined the intent of Congress in enacting the copyright legislation, and particularly whether Congress intended to exempt sound recordings from state protection.\textsuperscript{73} Secondly, if this was not the Congressional intent, it becomes necessary to make a determination as to whether Congress has so preoccupied the field of copyright protection that comparable state action is preempted.\textsuperscript{74} The Court found, on the basis of its examination of the legislative history of the Copyright Act of 1909,\textsuperscript{75} that Congress has never evidenced any intention to exempt sound recordings from state protection.\textsuperscript{76} Furthermore the Court found that there was no evidence of any intent to protect sound recordings by federal copyright.\textsuperscript{77} On this basis the Court held that the states were not

\textsuperscript{66.} \textsc{1 Nimmer} § 1.1, at 4.
\textsuperscript{67.} \textsc{412 U.S.} at 559.
\textsuperscript{68.} Id. The Court also concluded that the lack of a time limitation for the protection afforded by the California statute did not conflict with the patent and copyright clause of the Constitution with regard to the grant of the copyright power to Congress "for limited Times" because that limit applies only to the Congress and not to the states. Id. at 560-61.
\textsuperscript{69.} Id. at 571.
\textsuperscript{70.} \textsc{Wheaton v. Peters}, 33 U.S. (8 Pet.) 591, 605 (1834). See note 13 supra.
\textsuperscript{71.} See note 12 supra.
\textsuperscript{72.} See \textsc{1 Nimmer} § 9.231, at 28.20 where it is suggested that once these manuscripts enter the public domain it would be unconstitutional in light of \textsc{Graham v. John Derre Co.}, 383 U.S. 1 (1966), for Congress to remove such material from the public domain or to restrict access to it.
\textsuperscript{73.} \textsc{412 U.S.} at 561-70. See also Note, Patent Preemption of Trade Secret Protection of Inventions Meeting Judicial Standards of Patentability, 87 Harv. L. Rev. 807, 811-18 (1974).
\textsuperscript{74.} \textsc{412 U.S.} at 567-70.
\textsuperscript{75.} Id. at 563-66.
\textsuperscript{76.} Id. at 566.
\textsuperscript{77.} The Court cited the practices of the Registrar of Copyrights, the Congress and the courts in the sixty years before the enactment of the 1971 Amendments to the Copyright Act. Id. at 567-69.
precluded from protecting subject matter which "Congress has indicated neither that it wishes to protect, nor to free from protection . . . ."\textsuperscript{78}

In \textit{Goldstein}, the Court while expressly reaffirming \textit{Sears} and \textit{Compco},\textsuperscript{79} limited those decisions to their facts stating that:

In regard to [the] mechanical configurations, [in \textit{Sears} and \textit{Compco}] Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products.\textsuperscript{80}

\textit{Goldstein} was distinguished from \textit{Sears} and \textit{Compco} on the ground that "[n]o comparable conflict between state law and federal law arises in the case of recordings of musical performances. . . . Congress has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act."\textsuperscript{81} The Court indicated that the doctrine of \textit{Sears} and \textit{Compco} applies only when the subject matter of the protection does not technically qualify for a patent but is within the subject matter of the patent statute.\textsuperscript{82} Any other application would disturb the careful balance Congress has established in the patent field. Presumably no such balance was intended in the copyright area, perhaps because there is no interest in the copyright field comparable to the interest in insuring competition in the sale of identical goods. It has been suggested, however, that "precisely the reverse congressional intention should be presumed in that copyright, unlike patent, involves the sensitive area of expression, bringing into play the application of the First Amendment."\textsuperscript{83} The rule in \textit{Goldstein} creates the possibility that the states could provide perpetual protection for writings and other forms of expression which do not fall under the subject matter of the copyright laws. This arguably violates the first amendment.\textsuperscript{84}

The \textit{Goldstein} decision has answered some of the questions left open after \textit{Sears} and \textit{Compco}. At the very least, the decision has clarified the question of whether state-afforded protection in the patent and copyright field is totally precluded by the patent and copyright clause of the Constitution.\textsuperscript{85} At least one court has read \textit{Goldstein} as reviving \textit{International News Service v. Associated Press}\textsuperscript{86} in the copyright field and has provided recovery for

\textsuperscript{78}. Id. at 571.
\textsuperscript{79}. See Part II(B) supra.
\textsuperscript{80}. 412 U.S. at 569.
\textsuperscript{81}. Id. at 570 (footnote omitted). One dissenting opinion was written by Justice Douglas, who stressed foreclosure of state protection on the patent and copyright clause of the Constitution. Id. at 572-75. Justice Marshall, in a second dissenting opinion, relied upon preemption by the federal copyright laws. Id. at 576-79.
\textsuperscript{82}. Id. at 569-70.
\textsuperscript{83}. 1 Nimmer § 1.2, at 6.3.
\textsuperscript{84}. Id. Professor Nimmer also suggests that \textit{Sears} and \textit{Compco} could be more effectively distinguished from \textit{Goldstein} on the ground that the 1971 Amendments to the Copyright Act, 17 U.S.C. §§ 1(f), 5(n), 19, 20, 26, and 101 (Supp. II, 1972), are effectively a repeal of \textit{Sears} and \textit{Compco}. See 1 Nimmer § 35.225, at 146.24-.29.
\textsuperscript{85}. Although \textit{Goldstein} technically holds only that the copyright clause does not preclude state protection, this conclusion is based entirely on patent precedent. See 412 U.S. at 557 n.13.
\textsuperscript{86}. 248 U.S. 215 (1918). See notes 15-18 supra and accompanying text.
misappropriation in a record piracy case in a state which has no criminal piracy statute.\textsuperscript{87}

It is not clear from \textit{Goldstein} whether the states may provide protection for works that fall within the statutory subject matter but which are denied federal copyright protection because they fail to comply with the technical filing requirements of the statute. The indication in \textit{Goldstein} that \textit{Sears} and \textit{Compco} are inapplicable to the copyright field strongly suggest that the states may protect such items from piracy via the misappropriation doctrine when the material is in the public domain.\textsuperscript{88}

IV. A Retreat from Patent Preemption

In \textit{Kewanee Oil Co. v. Bicron Corp.},\textsuperscript{89} the Court has clarified to some degree the extent to which the states may concurrently regulate trade in intellectual property which, but for a technical statutory infirmity, would qualify for protection under the federal patent statutes. The Court held that such property may be protected by the states, federal patent policy notwithstanding, at least when such property is maintained and protected in the form of a trade secret.\textsuperscript{90} The relevance of this to the law of misappropriation is that the Court, in upholding this form of protection, has recognized that the interest of the states in protecting against predatory business practices complements the federal interest in preserving the balance between competition and invention established in the federal patent and copyright laws.

Misappropriation of a trade secret differs from record or news piracy in that the subject matter of the secret which is misappropriated is not in the public domain.\textsuperscript{91} Logically the most severe preemption problem that is encountered

\textsuperscript{87} Mercury Record Prods., Inc. v. Economic Consultants, Inc., --- Wis. 2d ---, 218 N.W.2d 705, 713 (1974). See also note 50 supra.


\textsuperscript{89} 94 S. Ct. 1879 (1974).

\textsuperscript{90} Id. at 1892.

\textsuperscript{91} See notes 10-11 supra and accompanying text. A trade secret may seem superficially analogous to an unpublished manuscript in which there is a common law copyright, since neither by definition, is in the public domain. See note 10 supra and accompanying text. However, the device or substance which embodies the economically valuable trade secret is in the public domain, and the secret embodied therein is freely available to the public for the cost of the effort required to discover it. The secret itself does not enter the public domain until it is discovered.

On the other hand, the unpublished manuscript which has common law copyright protection is not in the public domain in any sense. Neither the idea nor the form in which it is expressed is freely available for discovery. The two concepts are also distinguishable in terms of economic advantage; the common law copyright is clearly a one-shot affair—when the first publication rights are sold and the matter enters the public domain no further economic exploitation is possible absent a federal copyright. The trade secret, however, is economically valuable as long as the secret remains undiscovered and can be the subject of multiple licensing agreements since the idea or concept remains a secret even after its mechanical embodiment or product enters the public domain. See Brief for Respondent at 10, \textit{Kewanee Oil Co. v. Bicron Corp.}, 94 S. Ct. 1879 (1974) (discussing patents).
in the copyright-patent context arises when a state attempts to protect material which is in the public domain, but which fails to meet the requirements for federal protection despite the fact that the material is included within the subject matter of the patent and copyright statutes. As previously discussed, Goldstein does not expressly preclude state protection in the copyright context and Kewanee can be read to endorse it. On the other hand, it would appear that Sears and Compco, after Goldstein, would still preclude such state protection when given to devices which fall within the patentable subject matter but are in the public domain. Kewanee, however, indicates that state protection is not precluded to such materials when they are not in the public domain.

In Kewanee, petitioner Kewanee Oil Co. was a leading manufacturer of synthetic thallium activated scintillation crystals. The process which enabled Kewanee Oil Co. to grow these crystals with a diameter of seventeen inches was the trade secret at issue in the litigation. Respondents were former employees of Kewanee. Leaving Kewanee they formed Bicron Corp. and produced the same crystals in breach of an employment agreement not to disclose Kewanee’s trade secrets. The District Court for the Northern District of Ohio, applying Ohio trade secret law, granted a permanent injunction against disclosure or use of Kewanee’s trade secrets by respondents. The Court of Appeals for the Sixth Circuit reversed.

93. See text accompanying note 88 supra.
94. See note 82 supra and accompanying text.
95. 94 S. Ct. at 1891.
96. Id. at 1882. A scintillation crystal is a crystal of a naturally occurring salt, in this case sodium iodide, which is, during the crystallization process, impregnated with various impurities (e.g., thallium) which “activates” the natural crystal in such a manner that when the crystal is struck with low level ionizing radiation it emits a burst or scintillation of light photons. The significance of this is that these photons can then be absorbed by the photocathode of a photomultiplier tube which then converts them into an electronic pulse. This pulse, after suitable amplification, is registered as a count corresponding to the emission of the particle or radiation. This method of measuring ionizing radiation is in wide use today. See Brief for Petitioner at 5, Kewanee Oil Co. v. Bicron Corp., 94 S. Ct. 1879 (1974) [hereinafter cited as Brief for Petitioner].
97. 94 S. Ct. at 1882. Kewanee estimated the research and development expenses for this project were in the neighborhood of $1,000,000. Brief for Petitioner at 5.
98. 94 S. Ct. at 1882.
99. Ohio trade secret common law is in accord with the general law of trade secrets. See B.F. Goodrich Co. v. Wohlgemuth, 117 Ohio App. 493, 498, 192 N.E.2d 99, 104 (Ct. App. 1963) (adopting the widely accepted definition of a trade secret found in Restatement of Torts § 757, comment b at 5 (1939)); Selfried v. Maycox, 14 Ohio Dec. 536, 539 (Super. Ct. 1904) (trade secrets enforced only against those who have entered a contract or confidential relationship with the trade secret owner); see note 10 supra. In addition at least twenty-one states including Ohio have adopted statutes which make it a crime to steal trade secrets. For a compilation see Brief for the American Bar Association as Amicus Curiae at 2, Kewanee Oil Co. v. Bicron Corp., 94 S. Ct. 1879 (1974).
100. 94 S. Ct. at 1882.
held that state trade secret protection is preempted at least with respect to a secret process that falls within the statutory subject matter for a patent, but which is no longer patentable because the trade secret proprietor has used it commercially within the United States for more than a year without applying for a patent.102 The precise preemption issue before the Supreme Court was whether Congress, by carefully defining the classes of patentable subject matter103 and by carefully setting forth the standards of patentability,104 intended to preclude state protection for secret processes which fall within the patentable subject matter, but which fail to meet the standards for patentability.105

The Court first reaffirmed Goldstein on the issue that the patent and copyright clause does not preclude state regulation of intellectual property:

The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress . . . .106

The Court then turned to the preemption issue and used the general test espoused in Sears: a determination of whether the protection afforded by the state of Ohio "clash[ed] with the objectives of the federal patent laws."107

The Court noted two objectives of the federal patent laws: (1) to promote the

102. Id. at 1086-87. See 35 U.S.C. § 102(b) (1970) which conditions the grant of a patent on the invention not being in public use or on sale in this country for more than one year prior to the filing of the application for a patent. This requirement is commonly referred to as the statutory or public use bar.


105. Since the Sears and Compco decisions in 1964, the Courts of Appeals for the Second, Fourth, Fifth and Ninth Circuits have considered and rejected trade secret preemption. In Servo Corp. v. General Elec. Co., 337 F.2d 716, 724-25 (4th Cir. 1964), cert. denied, 383 U.S. 934 (1966), the court decided the case on the basis of breach of confidential relationship and distinguished Sears and Compco on that ground. The Ninth Circuit in Winston Research Corp. v. Minnesota Mining and Mfg. Co., 350 F.2d 134, 138 (9th Cir. 1965), on facts almost identical to Kewanee, distinguished Sears and Compco on the basis that those decisions apply only to confidential industrial information obtained outside a confidential employer-employee relationship. In Water Servs., Inc. v. Tesco Chems. Inc., 410 F.2d 163, 171 (5th Cir. 1969), the court distinguished Sears and Compco on the basis that no trade secret was involved in those areas. In Dekar Indus., Inc. v. Bissell-Berman Corp., 434 F.2d 1304, 1306 (9th Cir. 1970), cert. denied, 402 U.S. 945 (1971), the court distinguished Sears and Compco on the fact that those cases did not turn on a confidential relationship. The Second Circuit handed down the most complete discussion on trade secret preemption in Painton & Co. v. Bourns, Inc., 442 F.2d 216 (2d Cir. 1971). The case involved an expired trade secret license and the licensee argued that it had a right to continue using the secret without paying a royalty after the license had expired on the basis of the decisions in Sears and Compco. The Second Circuit held that a trade secret license agreement was enforceable after Sears and Compco since the license restricted only the licensee from using the secret without paying for it, while the protection afforded in Sears and Compco restricted everyone in the market. Id. at 223. See Milgrim, Sears to Lear to Painton: Of Whales and Other Matters, 46 N.Y.U. L. Rev. 17 (1971).

106. 94 S. Ct. at 1885.

107. Id. (citation omitted).
progress of science and the useful arts by encouraging invention 108 and (2) to promote free competition by insuring that matter once in the public domain remains in the public domain unless protected by patent. 109 In contrast, the objectives of trade secret law are, according to the Court "[the maintenance of standards of commercial ethics [as well as] the encouragement of invention . . . ."] 110

The Court then examined the interaction of state and federal systems of protection of intellectual property in various factual contexts to ascertain "whether and under what circumstances [trade secret protection] might constitute 'too great an encroachment on the federal patent system to be tolerated,.'" 111 The Court determined that when the trade secret does not fall within the statutory subject matter there is no conflict since the proprietor of such a secret would have no incentive to apply for a patent anyway. 112 This effectively extends the holding of Goldstein to cover the patent as well as the copyright area, and seems reasonable since this is the one context in which trade secret law has a positive effect on the incentive to invent and at the same time no effect on the federal patent policy.

As to those trade secrets which are clearly within the statutory subject matter, the Court stated that an unlawful conflict with the patent laws would arise if state trade secret protection acted as a disincentive to inventors to patent their inventions and thereby deprived the public, through the lack of disclosure inherent in the trade secret concept, of the teachings of their invention. 113

To determine whether the availability of trade secret protection is in fact a disincentive to entry into the federal patent system, the Court recognized three types of trade secrets: (1) those known to the proprietor not to be patentable; (2) those of dubious patentability and; (3) those believed by the proprietor to constitute a validly patentable invention. 114

As to the first category, the Court found no public interest in the disclosure of such inventions. Instead, the Court found that trade secret law serves a public interest in this context by encouraging invention where the patent laws are not applicable as well as by fostering competition. 115 The Court also

108. Id. The incentive to invent is provided, according to the Court, through the mechanism of the offer of monopoly in the invention for a limited time in exchange for disclosure to the public. Id. at 1885-86.
109. Id. at 1886.
110. Id.
111. Id. at 1886-87 (citation omitted).
112. Id. at 1887.
113. Id. at 1890. The Court stated that the objective of the federal patent law—to encourage invention—was not disturbed by the existence of another form of protection, nor was the policy that matter once in the public domain must remain in public domain, since the object of a trade secret has never been in the public domain. Id. at 1887.
114. Id. The Court relied upon the Second Circuit opinion in Painton & Co. v. Bourns, Inc., 442 F.2d 216, 224 (2d Cir. 1971). See also Wydick (pt. 1), at 751.
115. 94 S. Ct. at 1888. The Court noted that competition would be fostered by the state trade secret law in this context. It was postulated that without trade secret law, organized scientific and technological research would become fragmented since innovative companies would tend to pay
invoked the right to privacy or the right of industry to be protected from industrial espionage to justify state protection in this context. The Court also stated that the states have an unchallengeable interest in denying profit to such illegal acts. This recognition of an unchallengeable state interest may negate Sears and Compco to the extent that they have been construed to mean that states have no interest in regulating trade in patentable or copyrightable works and seems clearly in accord with the concurring opinion in Sears and Compco.

As to the second category of trade secrets, those of dubious patentability, the Court found no conflict with federal patent policy because “the potential rewards of patent protection are so far superior to those accruing to holders of trade secrets, that [such inventors] will seek patent protection, ignoring the trade secret route.” The Court also observed that the availability of trade secret protection to inventors in this category reduces the number of frivolous patent applications prosecuted in the Patent Office and thereby reduces the number of invalid patents issued.

The third category, those trade secrets which are clearly patentable, has the most potential for conflict with the federal patent policy. The Court set out the following test:

If a State, through a system of protection, were to cause a substantial risk that holders of patentable inventions would not seek patents, but rather would rely on the state protection, we would be compelled to hold that such a system could not constitutionally continue to exist.

The Court concluded that no reasonable risk of deterrence from patent application by those who can reasonably expect to be granted patents exists, enough to keep their key employees loyal and would refrain from the exchange of information that occurs through execution of enforceable trade secret licenses. Id.

116. Id. at 1889. See also Note, Patent Preemption of Trade Secret Protection of Inventions Meeting Judicial Standards of Patentability, 87 Harv. L. Rev. 807, 828 (1974) where the author suggests that the right to privacy is a basis for protection against industrial espionage.

117. 94 S. Ct. at 1889.

118. See note 34 supra and accompanying text.

119. 94 S. Ct. at 1889.

120. Id. Fewer than one percent of the patents issued annually are challenged. Patent Office Study of Court Determinations of Validity/Invalidity, 1968-1972, BNA Pat., T. & C.J., No. 144 at F-1 (Sept. 13, 1973). However, 50% of those litigated are held invalid. Id. The Court also pointed out that many proprietors with inventions in this category would not seek patent protection whether or not trade secret law exists as a result of the often prohibitive cost of obtaining a patent. 94 S. Ct. at 1889. See note 125 infra.

121. 94 S. Ct. at 1890. It is clear that in the context of the opinion and in light of Goldstein that constitutional here means constitutional under the supremacy clause and not constitutional under the patent and copyright clause. See notes 56-73, supra and accompanying text. See also Sears v. Commissioner, No. 73-1699 at 28-29 (4th Cir. Aug. 14, 1974) where the Fourth Circuit, following Kewanee and Goldstein, indicated that the only constitutional limitation on state protection of intellectual property is the supremacy clause, and rejected an argument that state-afforded protection to trade secrets violates the substantive due process clause of the fifth amendment.
because the protection afforded by the patent is superior to trade secret protection. At least one authority, however, has indicated that trade secret protection may actually be superior to patent protection, especially when the secret is not easily discoverable. This is particularly true in the field of licensing because the trade secret license is simply a contractual arrangement which could continue beyond the secrecy of the trade secret. A patent license on the other hand cannot endure beyond the life of the patent. In addition trade secret protection is considerably less expensive.

Mr. Justice Marshall, although concurring in the result, stated that trade secret law can provide substantial protection for inventions and often acts as a disincentive to entry into the patent system. Nevertheless, he found that this did not conflict with the objectives of federal patent laws because Congress did not intend the patent laws to exert pressure on inventors to enter the patent system, but simply intended to offer them a monopoly of limited time in return for the disclosure of their inventions.

Mr. Justice Douglas with whom Mr. Justice Brennan joined, dissented in Kewanee primarily on the fact that the Court's decision reinstated a "permanent injunction running into perpetuity" against defendant's use of Kewanee's trade secrets. The dissent conceded, however, that damages for breach of confidential relationship and breach of contract in trade secret cases were not precluded by the federal patent laws.

V. CONCLUSION

It has been suggested that when private activity is viewed as a prime motive power of social life, then the purpose of government is to provide a favorable framework for collaborative living. The Supreme Court in Goldstein and Kewanee recognized that a system of concurrent state and federal regulation of trade in intellectual property provides a framework in which the balance achieved between the social interest in the promotion of fair competition and the social interest in the promotion of originality and invention is more favorable to society than the balance achieved by the federal legislation operating alone. However, the extent to which the states may constitutionally participate in such regulation is still not entirely clear.

122. 94 S. Ct. at 1890.
124. Id. at A-22.
125. There is no doubt that the cost of prosecuting a patent application in the U.S. Patent Office is expensive. The so-called standard (non-complex) electronic patent has been estimated to cost between $15,000 and $20,000 by representative firms of the New York Patent Bar. R. Milgrim, Trade Secret Protection and Licensing—A True Alternative, 4 Pat. L. Rev. 375, 378 (1972).
126. 94 S. Ct. at 1892 (Marshall, J., concurring).
127. Id.
128. Id. at 1893 (Douglas, J., dissenting).
129. Id.
130. Id. at 1894.
The decision in *Goldstein*—that works in the public domain which are not within the statutory subject matter for a copyright may be protected by the states—and the decision in *Kewanee*—that works which are not in the public domain may be protected by the states even when they fall within the statutory subject matter for a patent, but fail to meet the statutory standards—can be read narrowly and may be limited to their technical holdings. There is some justification for such a narrow construction particularly in the patent context, since the Court has apparently reaffirmed the language in *Sears* and *Compco* that states that devices in the public domain without a patent may be copied at will.  

It is submitted, however, that there is considerably less justification for a narrow construction in the area of misappropriation of works in the public domain which fall within the federal copyright subject matter.  

It is possible that the Court in *Goldstein* intended to eliminate the decisions in *Sears* and *Compco* entirely from the field of copyright and to limit the availability of state afforded protection for works in the public domain to those works which are not within the statutory subject matter. It can also be inferred, on the basis of the rationale in *Kewanee*, that the concurring opinion in *Sears* and *Compco* which indicated that the states have a legitimate interest in protecting against predatory business practices is now the law of those cases as applied to the copyright sphere.  

The advantage of this construction is that the availability of state relief can be predicated on the nature of the individual right that is violated rather than on the nature of the intellectual property involved and that it opens the door to protection of all intellectual property from predatory business practices, copyrightable or not. The individual rights which can be enforced on behalf of such property consistently with the supremacy clause include the same rights that are violated when a trade secret is appropriated, i.e., breach of contract, breach of trust, invasions of privacy, as well as unfair competition in the form of palm-off and other deceptive business practices which mislead the public.  

It would seem that if the objectives of the trade secret law—the maintenance of standards of commercial ethics and the promotion of invention—do not clash with the federal patent policy when applied to works within the statutory subject matter then the same objectives of the law of misappropriation applied to works within the statutory subject matter for a copyright should not be precluded at least when they are applied in the limited form outlined above.

_Beverly B. Goodwin_  

132. But see 94 S. Ct. at 1892-93 (Douglas, J., dissenting).  
133. See 1 Nimmer § 1.2, at 6.4 n.7.37.  
134. See text accompanying notes 110, 116-18 supra.  
135. See note 34 supra and accompanying text.  
136. See Proposed Revision of the Copyright Act, S. 1361, 93d Cong., 2d Sess. § 301(b)(3) (1974). In this bill Congress expressly exempts from preemption of the Copyright Act all state remedies for activities that are not equivalents to any of the exclusive rights within the general scope of the copyright including breach of contract, breach of trust, invasion of privacy, defamation and deceptive trade practices such as passing-off and false representation. See also, Comment, *Goldstein v. California: Breaking Up Federal Copyright Preemption*, 74 Colum. L. Rev. 960, 981-82 (1974).