



Computer Law Notes

COMPUTER LAW--1994

Welcome to the Computer Law Seminar for 1994. This year I am celebrating the tenth anniversary of the seminar. It was first offered as a course in January 1984. For several years prior to that I covered certain issues dealing with the use of computers as a growing segment of a Seminar in Communications Law. The subject has always been a real pleasure for me to teach. Each year I learn a great deal more about the subject.

The seminar has evolved during the years that I have taught it. Together with its sibling, "Protection of Intellectual Property", the seminar has earned very high regard both from its members and the practicing legal community. This is due to the fact that we work hard and happily together. Students with all levels of prior technical or intellectual property experience will find themselves comfortable in the seminar. A mix adds strength.

Our seminar proceeds in a true seminar fashion. Each member of the seminar contributes on a regular basis. We form ourselves into study groups, which we will call Law Firms. These firms provide a basis for cooperation, mutual support, and critique of your work. Please divide up responsibilities within your firms and allow that experience both to lighten your load and enrich your education.

The center piece of the seminar work is the Term Project and the exchanges which these projects generate among the seminar members. Our plan calls for a preliminary and a final presentation and discussion of each member's project. We will all learn a great deal from each other in these presentations, and each member benefits from the careful work that goes into them. The stages of the project are set out in the Term Project Phases Table. The term projects provide one of the areas of cooperation within the law firms. For example, The preliminary oral presentations that begin on February 15 are organized by the Firms.

There will be assigned readings as well as the term project, and I plan to make several presentations on selected topics to the seminar. A tentative calendar of our classes is also set out below. Our principal set of assigned readings comes from The Law of Information Technology in Europe 1992 edited by Meijboom and Prins. (Call # K 564 C6 L38; noted as "Europe" or "E" in the calendar) Several copies of this book have been ordered and placed on reserve, so **you do not need to buy it.**

The grade in the seminar will be based on: all phases of the Term Project, knowledge of others' work,¹ and participation in law firm work² The major portion of the grade will be based upon the individual work product on: Topic Selection, Progress Report, Summary, and Final Project.³

What is Computer Law?

But what really is computer law anyway? The name is widely accepted and

¹ the "3/17 Pop Quiz--maybe" on the calendar will be based on the summaries or each others' work; it may very well be waived.

² Seminar members may be asked to respond in a brief form certifying their full participation or in some other way rating performance. This, however, may be foregone.

³ Probably ranging as high as ninety percent. It is appropriate to consider notably outstanding law firm and oral presentation work, and to consider notably poor law firm cooperation or performance.

used as a legal field. It gathers different legal fields and interests that concern the relationship between computers and law.

The power of handling information per se lies at the heart of the modern

Week	Tuesday	Thursday
#1	1/11--Intro	1/13--Europe (E), pp.1-26; what are computers?
#2	1/18-E 29-66	1/20-E 87-102
#3	1/25-E 69-85;	1/27-E 125-136;
#4	2/1-E 137-169	2/3 NO CLASS
#5	2/8 E 169-187	2/10 E 225-254
#6	2/15--P REPORT; Presentations (IOP)	2/17 IOP
#7	2/22-HOLIDAY	2/24 IOP
#8	3/1 IOP	3/3 IOP
#9	3/8 SUMMARY DUE; TBA	3/10 TBA
#10	3/15 SUMMARY DUE; TBA	3/17 TBA; Pop Quiz--maybe.
#11	3/22 Final Presentations (FP)	3/25 FP
#12	3/29 FP	3/31 HOLIDAY
#13	4/5 FP	4/7 FP
#14	4/12 Catch up	4/14 Catch up; FINAL DUE
#15	4/19 Wrap Up	4/21 Wrap Up
Law Firm meetings generally once a week.		
CALENDAR--SUBJECT TO ADJUSTMENT		

computer. It is a combination of hardware and software. The basic hardware comes in the form of very miniature devices formed within the contours of a silicon chip. The software is the set of instructions that make the otherwise inert chips perform meaningful operations.⁴ In a very real sense the slogan "information is power" has become a reality with computers. As humans, we understand information or data. For the computer, data directly governs function. Data "behaves" in the computer environment. For basic information on the structure of the software, hardware, and assembled computer industries, please read 1991 Licensing Law Handbook, pp. 105-109 and 120-138. The same material appears under different pagination in 7 S.C. Comp. and High Tech. L.J. 31 (1991).

The computer influences law, and legal institutions attempt to control aspects of the computer. There are three prominent areas of interrelationship:

I. The Computer's Direct Impact

on Law. Computers process information in production, business, and commerce ubiquitously. They literally control transactions.⁵ Increasingly over the past decade, computer assistance or control has moved into the legal transaction world: word processing, billing programs, forms on a disk, Lexis, tax planning programs, financial programs (Quicken, MacIntax), integrated office programs,⁶ faxes, file by fax, E-mail,

⁴ There are three relevant groups of industries built on the components of computers: Chip makers (e.g. Intel, Motorola), software producers (e.g. Microsoft, Borland), and makers of systems (e.g. Apple, Sun). Computers proliferate beyond the familiar machines that we use. They include all kinds of small dedicated devices that control driers, automobile carburetion systems, etc.

⁵ You can self test this control aspect: Recall a time recently when you have called someone and gotten either "voice mail", been put on automatic hold (with music!), asked to punch buttons to speak to someone, or talked to one of a battery of personnel within a department that is specialized. The first three instances are direct computer control. The last is computer assisted private bureaucracy.

⁶ Enhanced word processors containing word processing, spreadsheet, graphics, communications, and database. ClarisWorks and Microsoft Works are examples.

etc. Court processes are slowly but inevitably becoming computerized. There is some potential to create programs or even "artificial intelligence" that will manage or control legal decision making. (Reference: 1991 and 1992 Computer Law Collected Papers. On Reserve in Library.)

II. Legal Control of Computers and Their Processes. This is the actual domain of computer law. The subjects include: contract (e.g. development contracts and licensing), torts (e.g. unfair competition and business relations) crime (e.g. theft, destruction of new forms of property), antitrust, taxation (what to tax; how to place a value), business organizations, financing. The heart, however, of computer law is intellectual property, the branch of law that recognizes and controls uses of new developments in all technology field, including computers. There are two basic branches of intellectual property law. The first deals with protection of inventions-- patents, copyrights, trade secrets, confidentiality arrangements, and hybrids such as the Semiconductor Act. The second deals with protecting names, marks, and identity of goods--unfair competition, trademark, and related bodies of law. IP is discussed further below.

III. Internationalization. Computers and communication means overlap completely. At the macro level it is either foolish or arbitrary to separate them, though the particular problems of their development and of legal policy do create discrete concerns. Together these means do not tolerate national boundaries. A new pressure on the world's communities exists because we literally cannot isolate ourselves from what is said or done elsewhere.⁷ For example, our times involve such matters as the effect of the GATT Uruguay Round conclusion, NAFTA, emerging patterns within Asia and the European Union, and questions of international patent harmonization

Technology in Europe

The first five weeks of the semester we will study a comparison of United States and European legal institutions related to computer technology. This will provide us with an opportunity to inquire into each of the three areas above in a practical context. Our readings are from The Law of Information Technology in Europe 1992 and other items that I may select.

Term Project--Major Work of Seminar

The major work of the seminar is your individual term project. You may choose any of a variety of formats, though the usual form is a paper 25 to 35 pages in length, typed, double spaced. Alternative media to a paper include: a presentation on disk (accompanied by a brief "manual" or print-out), a "slide show" (disk to monitor, accompanied by a brief "manual" or print-out), or other equivalent of a writing. Please get my approval for an alternative medium. Upon final acceptance as quality work, all

⁷ Apart from the merits or demerits of bureaucratic socialism as it fumbled and bumbled along in the post-Stalin USSR, the regime was bound to fall increasingly behind, because it refused or was unable to cope with and grow with these means. I believe that similar pressures exist within our own social institutions today in this country.

Phase and Due Date	What to do.	Other Items; comments
Topic selection; 1/25	Identify your topic, the thesis you advance, and your initial sources.	Be as thorough as you can at this stage. You can change your mind. Consult your study group.
Progress Report; 2/15	Refine your thesis; analyze major authorities or sources; state specific matters you wish me to comment on.	This is an extremely important phase. Dig in and get "on board." TURN IN ALL PRIOR PAPERS THAT BEAR MY COMMENTS WITH EACH NEW SUBMISSION.
Initial Oral Presentations; 2/15-3/3	Present your initial report to the seminar. Elicit comments from members. Note: Law firms organize.	These are brief presentations of and discussions as organized by Law Firms.
Summary; 3/8	Prepare a careful written summary version (2-4 pages, single spaced) of your final project. DISTRIBUTE A COPY TO EACH MEMBER.	This version is to allow all members to study and be well acquainted with your work prior to class presentation.
Oral Presentations; 3/22-4/7	Individual presentation.	This is your final full presentation for which the preliminary was the warm up.
Final Project Due 4/14	Submit paper or other project in final form.	Take advantage of all comments; Firm members', other classmates, mine,
Term Project Phases Table		

projects qualify for the upper division writing requirement, provided that they meet legal analysis and bibliography requirements.⁸

The work must be an original work prepared for this class.⁹ You may want to turn your work into an article after you have submitted it, or work concurrently on an article. That will be fine, provided that you let me know. However, a student law review or journal note, comment, or article is usually required to be on a narrowly focused topic and presented in a certain format. Those constraints are not consistent with the aims of our term projects.

The phases of the term project are set out in the Term Project Phases Table. The Term Project Cover Sheet which is contained in these notes (page 4a) helps me to keep clear on the development of your project. **Please be sure to submit that Cover Sheet with each submission of your project.** Also be sure to submit all your prior phases with each new submission.

The next portion of these notes presents the basic concept of intellectual property and explains their use as practical tools of protecting inventive work and marketplace advantages.

⁸ All projects equivalent to a writing, regardless of chosen medium.

⁹ You might as well become acquainted with a concept from copyright law at this point. Basically, you are asked to produce an "original work of authorship fixed in (a) tangible means of expression." 17 U.S.C.102. (The work is subject to the other requirements, I have specified, though. ☺)

Term Project Cover Sheet

Name:

Project Title:

Phase; Due	If you have any particular questions or items you want special attention to, jot them in here, page references, etc.
Topic selection; 1/25	
Progress Report; 2/15	
Summary; 3/8	
Final Project Due 4/14	

PLEASE ATTACH THE ORIGINAL COVER SHEET TO EACH SUBMISSION. TURN ALL ORIGINAL PRIOR SUBMISSIONS (ONES THAT BEAR MY COMMENTS) WITH EACH NEW SUBMISSION. (E.g. Topic Selection + Progress Report with Summary; all three with Final...)

What is Intellectual property?

"Intellectual property" is both a legal term and a non-legal one. To a large degree the legal definition and the popular meaning overlap. In business usage, "intellectual property" often refers to new inventions and secrets that have value in production or in the marketplace. The important thing is the competitive edge provided by processes or innovation. The non-lawyer will refer to things that are "proprietary" without necessarily meaning or knowing whether there is legal protection available to the matter in question.

The non-legal perception of intellectual property is very important to legal decisions which are to be made regarding intellectual property, because it tends to emphasize the practical matters that are important to developers and business persons.

The legal definition of "intellectual property" is much narrower and is concerned with specific element of legal protection. Generically, "intellectual property" includes inventions, secrets, and market recognition devices, such as trademarks, when these are protected by law.

Intellectual property divides into two major fields--invention protection and market protection. Invention protection focuses on protection of some novel or useful aspect of an invention in itself. The classic bodies of law that protect inventions are: patent, copyright and trade secret. These protect the invention in itself by granting a right to keep others from using it (patent), by granting exclusive rights to copy its expression (copyright), and by legally enforcing efforts to keep it a secret.

The other main branch of intellectual property concerns protection of name recognition or identification of goods in the marketplace. The primary areas of this branch are trademark and unfair competition.¹ The names, "IBM", "Xerox" and "Coca Cola" are of immense value in the marketplace. Even though these names are valuable, they do not create the intrinsic value of an invention. A given product or invention remains the same whether it is marketed by "XYZ", "Roxit", or labeled "Bola-Wola."

Each of the two major branches of intellectual property provide value to a business, and each has specific demands regarding legal protection. The major doctrines of United States intellectual property are summarized in the Table "Major Types of Intellectual Property."

What protection and remedies are provided? It is best for all concerned when intellectual property relationships are established that are respected and which avoid litigation. Nevertheless, legal enforcement may be necessary, and when this is the case, the client will inevitably want to know at the outset what are the risks and

¹ "The term 'unfair competition' has two meanings in legal discussion. The primary meaning is usually 'the unjust appropriation of, or injury to, the good will or business reputation of another' Ballantine's Law Dictionary. The term 'unfair competition' is also sometimes used more loosely to designate the various commercial or business practices which are subject to condemnation by tort law as being deceptive, done in bad faith, fraudulent or the like." Please see Beverly Pattishall and David C. Hilliard, Unfair Competition and Unfair Trade Practices, pages 3-6, Mathew Bender, 1985.

Guideline 1. "Intellectual Property" is a legal field that protects two separate kinds of value. Patent, copyright, and trade secret protect inventions per se. Trademark and unfair competition protect name recognition and identity of goods.

potential gains from legal action. The actual costs of litigation include the expense of going to court, the personal and emotional drain of litigation, the immediate consequences of a win or loss, and the collateral impacts, such as the effects marketing or investors.

Legal theory	Requirements for protection	What is controlled
Patent--35 U.S.C. 100 et seq. Federal law.	Government issuance (by Patent and Trademark Office); must be new, useful, not obvious.	Right to exclude others from all use; 17 years.
Copyright--17 U.S.C. 101 et seq. Federal law.	Virtually automatic: fix an work of authorship in a medium of expression.	Control copies, derivatives; lifetime + 50 years; register before suit.
Trade secret--Cal. Civ. Code § 3426 to 3425.10; RCWA 19.108.010 et seq.	Must identify and guard important information and processes.	Control use by others; protect as long as kept secret.
Semiconductor Chip Protection Act--17 U.S.C. 901 et seq.	Registration of a chip design ("mask work").	Right to reproduce and import the design; 10 years.
Trademark--Lanham Act, 15 U.S.C. 1051 et seq. Also state laws.	Use (Register with Patent and Trademark Office for added protection.)	Use mark and prevent misleading imitations (§ 1114); renew registration each 10 years.
Contract law	While not a theory of property, one of the most pervasive means of protection.	Examples: licenses, confidentiality, development, employment agreements and others.
Major Types of Intellectual Property		

The client's concern with ultimate impact of litigation thus focuses attention of the available legal remedies. For all types of intellectual property the remedies include a full panoply of remedies, including attorney fee awards and injunctive relief. These remedies and their sources are briefly summarized in the Remedies Table².

² The Copyright Act also provides for criminal penalties. 17 U.S.C. 506. Some States also provide for criminal penalties for trade secret violations. See 84 ALR 3D 967 (1978).

Theory	Damages	Equitable	Attorney fees and Costs
Patent	Full compensation; treble for willful; 35 U.S.C. 284	Injunctions under principles of equity; 35 U.S.C. 283.	Reasonable to prevailing party. 35 U.S.C. 285
Copyright	Actual or statutory (to \$20,000, 100,000 if willful). 17 U.S.C. 504.	To restrain infringement; also impoundment of works provided. 17 U.S.C. 502, 503.	Reasonable to prevailing party. 17 U.S.C. 505
Semiconductor Chip Protection Act	Actual plus profits or statutory(\$250,000); 17 U.S.C. 911 (c).	To restrain infringement; 17 U.S.C. 911 (a).	Reasonable to prevailing party. 17 U.S.C. 911 (d).
Trade Secret	Actual, unjust enrichment, and exemplary (double); U.S.T.A. § 3.	To restrain actual or threatened misappropriation; U.S.T.A. § 1 (a).	Attorney fees if claim made or resisted in bad faith; U.S.T.A. § 4.
Trademark	Actual damages; 15 U.S.C. 1114; treble 15 U.S.C. 1117 (b)	Injunctions; 15 U.S.C. 1116; destruction of infringing articles; 15 U.S.C. 1118.	To prevailing party "in exceptional cases." 15 U.S.C. 1117 (a).
Contract	Generally for the benefit of the bargain.	Specific performance only in limited cases.	Depends on terms; many states make all such terms reciprocal.
Remedies Table			