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Bright Ideas

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Message from the Chair

Welcome to a year that promises to be filled with information, insights, and interaction. As this issue of *Bright Ideas* goes to press, we are putting the final touches on our annual fall meeting at Lake George, to be held October 12-15. The Conference is always a special treat. The leaves and our speakers should both be at peak. This year we will focus on the sometimes thorny intellectual property issues in the emerging e-mail arena. Our speakers include industry specialists, professors, trial lawyers, government officials, and the Honorable Robert Ward of the Southern District of New York. All of us—and our audience participants as well—are and will be involved in shaping the rules of the electronic highway for years to come. Many of the potholes—and the fast lanes—relate to intellectual property. We look forward to your participation. We hope you will bring with you practical problems, possible solutions, and philosophical musings, as well as a desire to share some fun. A beautiful setting and a boat ride on Lake George will round out the fun.

Our focus on the Internet as a practical tool will not end with the Lake George Conference. One of our goals this year is to use our Web site to better connect our far-flung members with up-to-the-minute legal developments. We are exploring the possibility of conducting some online, interactive seminars to span time and distance and bring our members together to explore cutting-edge intellectual property issues. As part of our move to the Internet, we are hoping to post briefs, transcripts, and interviews with the lawyers involved in interesting intellectual property cases. We also would like to post working checklists in-house lawyers and others have found useful in analyzing and managing their intellectual property. If you have material you'd like to contribute, would like to volunteer as an online "speaker," or have suggestions on cases we should cover, please contact me at vacundiff@phjw.com or Jonathan Bloom at jonathan.bloom@weil.com.

We look forward to seeing you at Lake George, at committee meetings, and "virtually" on the Internet. It should be another excellent year for intellectual property law.

Victoria Cundiff

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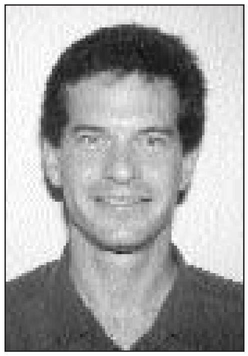
In *Samara Brothers*, Supreme Court Brings Second Circuit Full Circle on the Protectibility of Product Design as Trade Dress

By Glenn Mitchell

I. Introduction



Prior to the Supreme Court's decision in *Two Pesos, Inc. v. Taco Cabana, Inc.*,[1] Second Circuit law provided that, in order for a trade dress to be protectible, a plaintiff must always demonstrate acquired distinctiveness, or secondary meaning.[2] However, in *Two Pesos*, the Supreme Court held that, under the Lanham Act, trade dress cannot be treated differently than word or symbol trademarks, which, if they are inherently distinctive, are protectible without a showing of secondary meaning.[3]

Since *Two Pesos*, courts in the Second Circuit and elsewhere have wrestled with the question of how to determine whether a given trade dress is inherently distinctive. The question has frequently arisen whether packaging trade dress should be treated differently than product design or configuration. While some courts have held that the same test must be applied, irrespective of the nature of the trade dress claimed,[4] others, including the Second Circuit, have recognized the fact that consumers, as a practical matter, do not as readily interpret product design, which is generally driven by ornamental, aesthetic, or utilitarian considerations, as an indicator of source or origin.[5] Thus, these courts have attempted to develop different tests to determine when product configuration trade dress is inherently distinctive. No court, however, has even questioned that, under the Lanham Act as interpreted in *Two Pesos*, inherently distinctive trade dress, whether package design or product configuration, is protectible without a showing of secondary meaning.

Recently, in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*,[6] the Supreme Court had the opportunity to resolve, or at least address, the various approaches taken by the circuits towards defining inherent distinctiveness in the context of product configuration. In the interest of creating a bright line rule, however, the Court declined to tackle the obviously difficult issues involved in this area and held that, as a policy matter, product designs are never protectible absent a showing of secondary meaning. In so holding, the Court did not unequivocally assert that product configurations are never perceived as inherently distinctive indicators of source, nor did the Court cite language in the Lanham Act justifying this distinction. Instead, the Court held that the slim chance of prevailing on a claim of inherent distinctiveness did not outweigh the possibility of anti-competitive strike suits by a more well-funded opponent. However, as discussed below, the *Samara* holding is unlikely to have this effect. Instead, it may simply further empower the well-funded predators, making it more difficult for a creative start-up to protect itself against knock-off specialists.

II. Background

Samara Brothers, Inc. is a children's clothing company with a clothing line centered around a particular look incorporating various design and ornamental elements, such as seersucker fabric, particular types of appliques, and full-cut designs.

Wal-Mart Stores, Inc., one of the nation's largest retailers, commissioned and then sold a line of clothes copying Samara's designs. Samara sued Wal-Mart, the manufacturer, and a number of other parties in the Southern District of New York, claiming, *inter alia*, copyright infringement and trade dress infringement. All defendants except Wal-Mart settled before trial. After trial, the jury returned a verdict in favor of Samara. In addition to finding copyright infringement, the jury found that Samara's claimed trade dress was inherently distinctive and was infringed by Wal-Mart. After the verdict, Wal-Mart renewed its motion for judgment as a matter of law on the ground that Samara's alleged trade dress was not inherently distinctive under *Knitwaves, Inc. v. Lollytogs, Inc.*[7] and *Landscape Forms, Inc. v. Columbia Cascade Co.*,[8] the two leading Second Circuit cases that set a higher bar for showing that product configuration, as opposed to package design, is inherently distinctive.

District Judge Denny Chin denied Wal-Mart's motion. Although Judge Chin appeared to have some doubts as to the correctness of the jury's verdict, stating that "Wal-Mart's arguments have some merit," he held that there was sufficient evidence by which the jury could reasonably have made such a finding.[9]

The Second Circuit affirmed,[10] holding that there was sufficient evidence to support the jury's verdict. Most significantly, the court distinguished *Knitwaves,* which had also dealt with clothing designs, on the grounds that Samara's designs were consistent across different seasons and over the entire product line, and that there was testimony that Samara *intended* to create an identifiable look. Judge Newman dissented, however, reasoning that Samara's line of clothes was not sufficiently distinctive, as a matter of law, to meet the Second Circuit's stringent standards for protection. Judge Newman pointed out that the claimed elements of Samara's trade dress were common, inconsistently used, or insufficiently specific to create a protectible trade dress. With respect to the jury's verdict, which was clearly driven by the sense that Wal-Mart, in copying Samara's clothing line, had done *something* wrong, Judge Newman argued that jury verdicts in technically demanding areas of the law, such as antitrust, copyright, and trade dress, may be examined more closely than, say, in negligence cases, to ensure that the jury is finding facts and not making law.[11]

III. The Supreme Court Decision

The Supreme Court granted *certiorari,* limited to the following question: "What must be shown to establish that a product's design is inherently distinctive for purposes of Lanham Act trade-dress protection?"[12] As noted above, the Court resolved this question by holding that no showing is sufficient and that product configuration trade dress is never protectible absent secondary meaning. Although, as many courts have recognized, it is rare that product designs will be understood automatically as indicators of source, the *Samara* Court, notwithstanding its recognition that this could happen, avoided an opportunity to give guidance on the issue, preferring to create a blanket rule. While, as Judge Newman's Second Circuit dissent makes clear, the trade dress at issue could—and should—have been found not to be inherently distinctive as a matter of law, the Court went much further than necessary in barring, on policy grounds, all possibility of protecting product configuration on the ground of inherent distinctiveness.

Justice Scalia delivered the opinion for a unanimous Court. After reciting the background of the case and of the Lanham Act's provisions relating to trade dress, both registered and unregistered, Justice Scalia wrote that "[n]othing in § 2 . . . demands the conclusion that *every* category of mark necessarily includes some marks 'by which the goods of the Applicant may be distinguished from the goods of others' *without* secondary meaning . . . ."[13] Justice Scalia then asserted that the Court previously had defined one category of potential trademarks, i.e., color, as being incapable of inherent distinctiveness, citing *Qualitex Co. v. Jacobson Products Co.*[14] In that case, the Court held that a single color applied to a product, which had acquired distinctiveness, was protectible under the Lanham Act.[15] In *dictum*, however, the Court recognized that consumers generally do not perceive color automatically as an indicator of source.[16]

Justice Scalia concluded that "[i]t seems to us that design, like color, is not inherently distinctive . . . . Consumers are aware of the reality that, *almost invariably*, even the most unusual of product designs—such as a cocktail shaker shaped as a penguin—is intended not to identify the source, but to render the product itself more useful or more appealing."[17]

The Court also stated its belief that it would be difficult to develop a clear test for inherent distinctiveness of product designs by which anti-competitive strike suits could be summarily disposed of. Apparently to temper the severity of the Court's holding, however, Justice Scalia stated that the trade dress owner would not be left without remedies. A producer can "ordinarily obtain protection for a design that *is* inherently source identifying (if any such exists) . . . by securing a design patent or a copyright . . . ."[18]

The Court distinguished *Two Pesos* by analogizing the restaurant décor in *Two Pesos* to packaging rather than product design. This distinction is dubious for two reasons. First, many lower courts, in refusing to recognize a distinction between product packaging and design for purposes of trade dress analysis, have noted that *Two Pesos* presented a hybrid situation, because the décor and surroundings of a restaurant often form part of the dining experience.[19] Second, *Two Pesos*' holding that inherently distinctive trade dress is protectible under the Lanham Act was based on the absence of any language permitting the exclusion of inherently distinctive trade dress from protection or otherwise distinguishing trade dress from word or symbol trademarks.[20] In *Samara*, the Court drew the opposite conclusion, relying upon the absence of language in the Lanham Act *preventing* the Court from making a distinction between product packaging and design.[21]

In short, the Court held that the rare situations in which a plaintiff would be able to establish inherent distinctiveness for a product design must be sacrificed for policy reasons, including judicial economy and the prevention of anti-competitive strike suits.

IV. Critique

The Supreme Court's ruling disregards congressional intent. Moreover, in pursuing its policy of preventing anti-competitive strike suits, the Court disregards the broad range of techniques by which businesses unfairly compete, encouraging the Wal-Marts of the world not only to continue their predatory activities, but to hasten them, at the expense of smaller companies that rely on creating a distinct image to separate themselves from the pack.

A. The Court's Holding Disregards Congressional Intent

The decision, which severely limits the *Two Pesos* holding, cuts against the grain of Congress' intent, as reflected in federal legislation enacted or proposed over the past several years increasing or clarifying remedies for trade dress violations as well as for dilution. The fact that Congress did not enact or even consider legislation restricting protection of product design in light of *Two Pesos* and the district and circuit court decisions considering these issues in light of that case indicates its approval of the Court's approach.

Indeed, Congress took affirmative, though unconsummated, steps to codify the *Two Pesos* holding. In 1998, legislation was proposed by Rep. Howard Coble for the purpose of unifying the standard for inherent distinctiveness. In his Introductory Remarks, Representative Coble stated that "[t]his bill is intended to clarify the law with respect to the applicable legal standards for the protection of trade dress, which includes product designs and packaging."[22] Although the bill did not reach a vote, it would have codified the Federal Circuit's *Seabrook*[23] test for determining the inherent distinctiveness of trade dress, without distinguishing between packaging or product design.[24]

B. The Court's Holding Does Not Allow Adequate Protection for Product Design

The *Samara* Court justified its holding on the policy grounds that alternative forms of protection, such as copyright or design patent, would "ordinarily" be available[25] and that claims of inherent distinctiveness could not ordinarily be summarily dismissed, further encouraging anti-competitive strike suits. Unfortunately, this reasoning, which purportedly protects those who can least afford litigation, may well have the opposite effect.

Neither copyright nor design patents are necessarily available to protect trade dress, nor do they protect the same type of interest. First, copyright protection generally is unavailable for "useful items," such as product designs, unless the design sought to be protected is conceptually separable from the product.[26] Certain elements of products, such as clothing and jewelry, in which aesthetic considerations generally are paramount, may be protected by copyright. However, in part *because* these elements are so integral to the consumer appeal of the products, these are cases in which inherent distinctiveness by way of source indication is extremely unlikely in any event. Thus, these examples do not demonstrate that copyright law will provide alternative protection for inherently distinctive trade dress. The appearance of clothing is not usually looked to as an indicator of source.[27] Moreover, consumers undoubtedly are aware that copying is a standard part of the fashion industry and are sophisticated enough to know to check other indicia of origin, such as hang tags or labels.

Second, design patents are expensive to obtain, putting broad design patent protection effectively beyond the reach of the smaller companies that the *Samara* Court ostensibly seeks to protect, while budgeting concerns may affect even larger companies in deciding when to seek protection. The burden on the start-up company is particularly heavy, as design patent protection must be applied for in the early stages of design or production while the start-up still may be struggling to obtain sufficient financing. Once the product is out on the market and predatory conduct commences, it probably will be too late.[28] By contrast, the Lanham Act protects even unregistered trade dress. Unfortunately, the practical result of *Samara* is that a manufacturer concerned about protecting its design, even as an indicator of source, would need to expend the resources to obtain a design patent simply as a placeholder to permit it the opportunity to acquire distinctiveness in its design.

Further, design patents protect a different interest—the "new, original and ornamental design for an article of manufacture"[29]—than trade dress law, which is concerned with indication of origin. While the design is protected during the limited life (14 years) of a design patent,[30] trade dress protection, which can be perpetual, may protect against the use of similar trade dresses that may not constitute design patent infringement but nevertheless cause a likelihood of confusion as to source or origin. Additionally, design patents explicitly provide only a limited monopoly; trademark law, by contrast, provides potentially perpetual protection against confusion, so long as the distinctive trade dress is not abandoned.[31]

As for the Court's concern for preventing anti-competitive strike suits, the Court's rationale, i.e., that inherent distinctiveness issues ordinarily may not be summarily decided, is illogical. First, in any case where someone's product design trade dress has been copied, the absence of a remedy based on inherent distinctiveness is unlikely to prevent suit. The plaintiff will simply assert that his design has acquired secondary meaning and will attempt to rely on the presumption of secondary meaning afforded when a defendant intentionally copies a plaintiff's trade dress.[32] Second, secondary meaning, which requires intensive factual proof, often including consumer surveys, may be less susceptible to summary disposition than inherent distinctiveness, which may be proven or disproven by review of the marketplace, including whether competitors use similar designs as source indicators.[33]

The likely result of the Court's holding in *Samara* is that copiers will be even more inclined to pirate distinctive designs quickly, before they have had a chance to achieve secondary meaning, thus forcing potential plaintiffs to consider whether they have the resources not only to bring an action against the predators but to prove secondary meaning.

C. The Court's Holding May Lead to Bad Law

Ultimately, *Samara* is likely to create an untenable situation. There are a myriad of ways—including the copying of product design—by which unscrupulous competitors will attempt to free-ride on a competitor's activities. Although somewhat rare, we all can think of situations where a product design, or an element thereof, instantly tells us that it is a symbol of the manufacturer. One example is the headstocks of guitars. Well-known guitar makers, including Gibson, Fender, and Taylor, have long used the shape of their headstocks to identify their guitars.[34] Consumers are trained to know that a headstock with which they previously were unfamiliar is likely intended to signify another manufacturer. There are, of course, other situations in which industry custom or other factors will render a design likely to be appreciated not just for aesthetic value but as a source indicator, and hence, inherently distinctive. Under *Samara*, however, newcomers with such designs are left without a clear remedy if their designs are poached.

Where there is clearly a wrong, however, courts generally will strive to find a remedy. Courts faced with this situation now will be forced to find ways around the decision to provide such a remedy, perhaps leading to bad law. A similar scenario occurred prior to *Two Pesos*, when Second Circuit precedent required a showing of secondary meaning for all trade dress. Several opinions by Southern District judges then endorsed the concept of "secondary meaning in the making," by which a copier would be enjoined if the copying denied the plaintiff's design an opportunity to obtain secondary meaning.[35] This concept, nowhere to be found within the Lanham Act, ultimately was rejected by the Federal Circuit, applying Second Circuit law,[36] and then rendered moot—or so it seemed—by the Supreme Court's decision in *Two Pesos*, which allowed for protection in such instances under the rubric of inherent distinctiveness. *Samara* returns Second Circuit law, and the law of all other circuits, to the state of affairs that existed prior to *Two Pesos*, at least with respect to product design cases. In that period, the courts struggled to right obvious wrongs; they may have to do so again.

It is unlikely that we will see the "secondary meaning in the making" doctrine resurrected as a result of *Samara*. However, courts may well try to shoehorn a situation that needs redress into other established remedies, such as secondary meaning, perhaps doing damage to the existing doctrine.

V. Conclusion

Samara is likely to hurt the very entrepreneurs it ostensibly seeks to help, and it is likely to lead to bad law. In a previous article concerning legislation that would have codified a test for inherent distinctiveness,[37] I argued that Congress should refrain from passing legislation codifying the standards for inherent distinctiveness, instead allowing the various fact patterns to percolate through the courts until the Supreme Court had an opportunity to review a number of them and announce a test to that would broadly apply to product configurations. Now, however, that the Supreme Court has declined this responsibility, I believe it is up to Congress to tackle it.

Endnotes

1. 505 U.S. 763 (1992).
2. *See, e.g, Union Mfg. Co. v. Han Baek Trading Co.*, 763 F.2d 42, 48 (2d. Cir. 1985).
3. 505 U.S. at 767.
4. *See., e.g., Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 788 (8th Cir. 1995); *Krueger Int'l Inc. v. Nightingale, Inc.*, 915 F. Supp. 595, 602 (S.D.N.Y. 1996) (Sotomayer, J.) ("entire thrust of *Two Pesos* was to unify the standards for trademark and trade dress, not to balkanize this complex field into yet more subcategories").
5. *See, e.g., Knitwaves, Inc. v. Lollytogs, Inc.*, 71 F.3d 996 (2d Cir. 1995); *Duraco Products, Inc. v. Joy Plastic Enterprises Ltd.*, 40 F.3d 1431 (3d Cir. 1994).
6. ___ U.S. ___, 120 S. Ct. 1339 (2000).
7. 71 F.3d 996 (2d Cir. 1995).
8. 113 F.3d 373 (2d Cir. 1997).
9. *Samara Bros., Inc. v. Judy-Philippine, Inc*, 969 F. Supp. 895, 898 (S.D.N.Y. 1997).
10. *Samara Bros., Inc. v. Wal-Mart Stores, Inc.*, 165 F.3d 120 (2d Cir. 1998).
11. *See id.* at 133-36.
12. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, ___ U.S. ___, 120 S. Ct. 308 (1999).
13. 120 S. Ct. at 1343.
14. 514 U.S. 159 (1995).
15. *Id*. at 160.
16. *See id*. at 162-63.
17. 120 S. Ct. at 1344 (emphasis added).
18. *Id*. at 1345.
19. *See, e.g., Stuart Hall*, 51 F.3d at 787-88; The *Stuart Hall* court wrote that restaurant décor is

    > as akin to product configuration as to packaging. . . . A restaurant is composed of a room containing furnishings appropriate to dining in which food is served. The room and its furnishings are not packaging, which is separate from its product and to be thrown away once the product is removed from its packaging, but are part of the restaurant experience itself—the product itself is the room and its furnishings as well as whatever food is served.

20. 505 U.S. at 774 ("It would be a different matter if there were textual basis in § 43(a) for treating inherently distinctive verbal or symbolic trademarks differently from inherently distinctively trade dress. *But there is none*.") (emphasis added).
21. 120 S. Ct. at 1343.
22. Introductory Remarks on Measure. CR E117.
23. *Seabrook Foods, Inc. v. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A. 1977). The *Seabrook* Court set forth several factors to be considered in determining inherent distinctiveness:

    > whether the design was a "common" basic shape or design, whether it was unique or unusual in a particular field, whether it was a mere refinement of a commonly-adopted and well known form of ornamentation for a particular class of goods

> viewed by the public as a dress or ornamentation for the goods, or whether it was capable of creating a commercial impression distinct from the accompanying words [on the packaging].

568 F.2d at 1344.

24. *See* H.R. 3163, § 2(g).
25. 120 S. Ct. at 1345.
26. *See Kieselstein-Cord v. Accessories by Pearl, Inc*., 632 F.2d 989, 993 (2d Cir. 1988).
27. *See Knitwaves*, 71 F.3d at 1009 ("Knitwaves' objective in the two sweater designs was primarily aesthetic . . . ."). *See also Atlantis Silverworks, Inc. v. 7th Sense, Inc*., 42 U.S.P.Q.2d 1904 (S.D.N.Y. 1977) (granting summary judgment dismissing trade dress claim for jewelry design).
28. *See* 35 U.S.C. § 102(b) (invention or design is not patentable if it was "described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of this application for patent . . . . ").
29. 35 U.S.C. § 171.
30. 35 U.S.C. § 173.
31. For a comparison of copyright, design patent and trade dress protection, *see* S. Mohr, G. Mitchell and S. Wadyka, U.S. Trade Dress Law: Exploring the Boundaries, INTA Practice Series (1997).
32. *See, e.g., Papercutter, Inc. v. Fay's Drug Co.*, 900 F.2d 558, 564 (2d Cir. 1990). Although this presumption has been rightly watered down over the years, because copying may occur for primarily functional or aesthetic reasons, *see, e.g., Ergotron, Inc. v. Hergo Ergonomic Support Systems, Inc.,* No. 94 Civ. 2732 (SAS), 1996 U.S. Dist. LEXIS 3822, at *23-24 (S.D.N.Y. March 29, 1996); *Regal Jewelry Co. v. Kingsbridge Int'l, Inc.,* 999 F. Supp. 477, 486 (S.D.N.Y. 1998); *Atlantis Silverworks*, 42 U.S.P.Q.2d at 1909, it may well find new prominence in cases where a court needs to find something on which to hang its hat to provide a remedy.
33. *See Thompson Medical Co. v. Pfizer, Inc.,* 753 F.2d 208, 217 (2d. Cir. 1989); *20th Century Wear, Inc. v. Sanmark-Stardust, Inc.,* 815 F.2d 8, 10 (2d. Cir. 1987). *See also International Star Class Yacht Racing Ass'n v. Tommy Hilfiger*, No. 94 Civ. 2663 (RPP), 1995 U.S. Dist. LEXIS 5402 at *25 (S.D.N.Y. Apr. 25, 1995) (absence of survey evidence "strongly suggests" lack of secondary meaning), *aff'd in part and rev'd in part on other grounds*, 80 F.3d 749 (2d Cir. 1996).
34. *See, e.g.*, Gibson U.S. Reg. Nos., 1,567,052; 1,967,503; 2,016,857; Fender U.S. Reg. Nos. 1,148,869; 1,148,870; 2,200,878; 2,163,733; Taylor U.S. Reg. No. 1,949,972. Although these headstock designs were registered under § 2(f) of the Lanham Act, based on acquired distinctiveness, these examples show the common use of headstock design as a source indicator, making it likely that a new headstock design will be seen automatically as a source indicator and hence be inherently distinctive. Indeed, Gibson has a pending intent to use application for a new headstock design for which a Notice of Allowance has issued. *See* U.S. App. S.N. 75/531,331. As an intent to use application, the mark must have been considered inherently distinctive by the Trademark Examiner.
35. *See, e.g., The National Lampoon, Inc. v. American Broadcasting Cos*., 376 F. Supp. 733 (S.D.N.Y.), *aff'd on other grounds*, 497 F.2d 1343 (2d Cir. 1974); *PAF S.r.l. v. Lisa Lighting Co.*, 712 F. Supp. 394, 407 (S.D.N.Y. 1989) (even absent "secondary meaning, where . . . it is demonstrated that a product is expanding in a new market, and where there is an intentional, deliberate attempt to capitalize on another's distinctive product, secondary meaning in the making is also entitled to protection"); *Jolly Good Industries, Inc., v. Elegra, Inc*., 690 F. Supp. 227, 231 (S.D.N.Y. 1988).
36. *Cicena, Ltd. v. Columbia Telecommunications Group*, 900 F.2d 1546, 1550 (Fed. Cir. 1990). In *Laureysens v. Idea Group, Inc.*, 964 F.2d 131, 138-39 (2d Cir. 1992), the Second Circuit itself rejected the secondary meaning in the making doctrine.
37. G. Mitchell, R. Auslander, *Trade Dress Protection: Will a Statutorily Unified Standard Result in a Functionally Superior Solution?* 88 TMR 472 (September – October 1998).

Glenn Mitchell is a member of Fross Zelnick Lehrman & Zissu, P.C. The author wishes to thank Rose Auslander for her ideas and editorial assistance during the writing of this article.

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A Brief Look at the Uniform Electronic Transactions Act, the Electronic Signatures in Global and National Commerce Act, and the European Union Directive on Electronic Signatures

By Joyce Creidy

I. Introduction

Technological advancements and the Internet have changed much of what we do and how we do it. Virtual companies, new business models, and new methods of doing business are products of this technological revolution. We browse through and purchase books and music with the click of a mouse, we send all kinds of information by electronic mail, and we can even make free phone calls right from our personal computers. In fact, the research for this article was done completely via the Internet.

We have indeed changed the way we do things. Documents requiring signatures in the past were sent by messenger or overnight delivery. Today, they are sent, received, and signed electronically. An electronic signature is "an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record."[1] There are different types of electronic signatures, including digital signatures using encryption and dual key technology; signatures based on biometrics which match thumbprints, iris scans, or face structure of the signer with the information on file before permitting signature attachment; and dynamic signature analysis. While individuals, businesses, and governmental agencies conduct business and communicate in this new electronic manner, there has been no guarantee that electronic signatures or electronic records would be given the same legal weight as records on paper and signatures performed manually.

For the past two years, both houses of Congress tried to muster support for various versions of electronic signature bills.[2] What started out as the Millennium Digital Commerce Act was passed by an overwhelming majority in mid-June 2000: 426-4 in the House and 87-0 in the Senate.[3] The President digitally and manually signed the Electronic Signatures in Global and National Commerce Act ("E-sign") into law on June 30, 2000. It was signed at Independence National Historical Park in Philadelphia where our founding fathers drafted the Constitution.[4]

E-sign deals with technology not envisioned 200 years ago. Its goal is clear: to facilitate and promote electronic commerce. It purports to do so by affecting the legal requirements of signature and writing. If a writing and/or a signing is required and that writing or signing is done electronically, it will not be denied legal effect, validity, or enforceability solely because it is in electronic form.[5] E-sign does not require anyone, except for government agencies for records other than contracts to which it is a party, to use or accept electronic records or electronic signatures.[6] E-sign was supposed to create a framework for e-commerce transactions, but instead of removing barriers to e-commerce, it may stifle e-commerce. The excitement over this legislation was abated by consumer protection concerns, confusion over preemption of similar state laws already in force, and questions as to whether it would be as comprehensive as the Uniform Electronic Transmission Act.

This article provides background and summarizes the E-sign legislation as well as the Uniform Electronic Transactions Act. It also compares and contrasts the two laws and looks briefly at their counterpart in the European Union.

II. Background

A. Individual State Electronic Signature Legislation

In 1996, Utah became the first state to authorize the use of electronic signatures.[7] The Utah law requires dual key encryption and the use of a third-party certification service. Illinois and Georgia give electronic signatures with those security components greater legal deference than if it were merely signed electronically.[8] Other states such as New York and North Carolina only authorize electronic signatures that have specified authentication attributes.[9] Not only does the type of signature authorized vary from state to state, but the scope of the legislation varies as well. The scope of some states' legislation is limited to either tax returns, the filing of death certificates, or the department of motor vehicles, while other states allow it broader reach.[10] There is no standardized approach across the states. Currently, 48 states have some form of electronic signature legislation.[11]

B. Summary of Uniform Electronic Transactions Act

Prompted by the patchwork of state legislation regarding electronic signatures and electronic records, the National Conference of Commissioners on Uniform State Laws approved the Uniform Electronic Transactions Act (UETA) in July 1999. UETA's goal was to provide a uniform national framework to validate and give effect to electronic records and electronic signatures, thereby removing barriers to e-commerce.[12] UETA is technology-neutral in its definition of electronic signature.[13] It does not require a record or signature to be in electronic form.[14] It applies only to transactions where the parties agreed to conduct transactions by electronic means.[15] The term "transaction" is defined as "an action or set of actions occurring between two or more persons relating to the conduct of business, commercial or governmental affairs."[16] UETA permits parties to contract out of most of its provisions.

At the core of UETA is section 7, which provides that a record, signature, or contract will not be denied legal effect or enforceability solely because it is in electronic form.[17] If a law requires a writing or a signature, and that writing or signature is in electronic form, it will satisfy the law.[18]

UETA does not seek to replace state substantive law. Rather, it is meant only to fill the gap where other laws do not address the electronic medium. Thus, section 3 states that UETA does not apply to the creation and execution of wills, codicils, testamentary trusts, other laws identified by states, or the UCC (except for the sections dealing with Waiver or Renunciation of Claim or Right After Breach; Statute of Frauds for Kinds of Property Not Otherwise Covered, and articles dealing with Sales and Leases). UETA's prefatory note explains that UCC sections 5, 8, and 9 were excluded because each addresses electronic transactions. Section 3 of UETA further states that if, upon revision of UCC articles 2 and 2A, the issue of electronic transactions is addressed, then those articles also will be excluded. Therefore, it is clear that UETA is only meant to fill the gap where laws do not address the electronic medium.

Any new medium based on cutting-edge technology brings with it unexpected developments. New laws do not or cannot envision every potential situation that might arise. While not exhaustive, UETA addresses concerns such as fraud, change or error in transmission, security, and when something is deemed sent or received.

UETA requires that an electronic signature be attributable to a person.[19] For example, if your signature appears on a contract, but neither you nor your authorized agent affixed it, you will not be bound by it unless it can be shown from examining the context and circumstances surrounding its creation, execution, or adoption that it is attributable to you.[20] Therefore, while fraud is inevitable, just as it is in a paper world, UETA, coupled with security procedures based on algorithms, should help to lessen the costly effects of fraud.

Another costly concern—change or error in the electronic record—is addressed in UETA section 10, which may not be varied by agreement. It provides that where parties agreed to use a security procedure to detect changes/error in transmission and one party does not conform, the conforming party may avoid the effect of the change/error if it would have been detected had the nonconforming party conformed. For example, A and B agree to an electronic transaction and agree to use a security procedure. A used the security procedure, but B did not. If B used the agreed-upon security measure, A would have detected the change. Therefore, A will not be bound by the changed electronic record.

Section 10 also deals with automated transactions, which account for most e-commerce transactions. In this situation, an individual can avoid the effect of an erroneous electronic record when dealing with someone's electronic agent if the agent did not provide an opportunity to prevent or correct the error and the individual:

A. promptly notifies the other party of the error that he does not intend be bound;

B. takes reasonable steps to return the consideration or follow the reasonable instructions of the other party; and

C. has not used or received any benefit or value from the other party's consideration, if any.[21]

The subject of automated transactions continues in section 14, where three rules on contract formation are laid out to ensure that there is no question as to whether a contract has been formed:

1. A contract may be formed by the interaction of electronic agents of the parties, even if no individual was aware of or reviewed the electronic agents' actions or the resulting terms and agreements.
2. A contract may be formed by the interaction of an electronic agent and an individual, acting on the individual's behalf or for another person, including an interaction in which the individual performs actions that the individual is free to refuse to perform and which the individual knows or has reason to know will cause the electronic agent to complete the transaction or performance.
3. The terms of the contract are determined by the substantive law applicable to it.[22]

An example of the first rule is a hospital that orders supplies from a company automatically. Once a certain item falls below a specified level, the software initiates an order to the supplier's computer network. An example of the second rule is an individual shopping online. He goes to the checkout with items in his cart and he clicks on "order."

Use of automated electronic agents is very cost effective. Imagine how expensive it would be to have a real person do inventory and place orders or in the latter case, receive orders. Another cost-effective measure is retaining documents in electronic form. UETA permits electronic records to be made of the information contained in documents that are required to be retained by law. The requirements are that the information in the record:

1. accurately reflects the information in the record and
2. remains accessible for later reference.[23]

Section 14 permits the same cost savings to be applied to costly check retention. Section 14(e) provides that the information on the front and back of a check can be retained in an electronic record and satisfy a legal requirement of check retention.[24]

Sometimes, when something is deemed sent and when is it deemed received is an issue in the paper world. That same issue arises in the electronic world. Section 15 of UETA addresses this issue, although it permits parties to vary it by agreement. Under UETA, an electronic record is sent when it is addressed properly or directed to the information processing system that the recipient has specified or uses for like purposes and from which the recipient is able to retrieve. It must be in a form that the system can process, and the system must be outside the control of the sender but under the control of the recipient.[25] It is deemed received when it enters the information processing system of the recipient in a form capable of being processed, even if the system is in a different place than where the record is deemed to be received.[26] Section 15 goes on to address where it is deemed sent from and received.[27] If it was not actually sent or received, and someone has knowledge of this, UETA defers to other applicable law.[28]

UETA encourages governmental agencies to implement electronic records and accept electronic signatures, but it does not require them to do so.[29] UETA has been adopted in 18 states.[30] It is currently pending in 11 other states as well as Washington, D.C.[31]

III. Summary of Electronic Signatures in Global and National Commerce Act

The lack of uniform adoption of UETA prompted Congress to initiate federal legislation.[32]

> The impending release on UETA confronts the Congress with a situation similar to that which arose when National Conference of Commissioners on Uniform State Laws first released its Uniform Commercial Code (UCC) . . . . Inevitably, a similar transition period will occur in the case of UETA. This legislation is not intended to preempt or overrule the developing State law of electronic signatures embodied in UETA. Once the States enact uniform standards consistent with those of UETA, the standards prescribed in this legislation will cease to govern.[33]

Congress wanted this legislation to accomplish several goals. First, it wanted to promote the growth of e-commerce, domestically and internationally.[34] Internet sales in 1999 were $15 billion and are expected to reach $1.6 trillion by the year 2003.[35] Second, it wanted to reduce costs for both businesses and consumers by reducing the time, effort, and raw materials it takes to complete transactions.[36] Third, it wanted to create a consistent legal framework for electronic transactions that would garner the trust of the public. The public is the crucial factor in the growth of the Internet. If the public doubts the integrity or reliability of the system, the Internet will be precluded from reaching its potential.[37]

Congress passed the Electronic Signatures in Global and National Commerce Act ("E-sign") on June 16, 2000. The President signed it into law on June 30, 2000. Most of E-sign takes effect on October 1, 2000. There was a great deal of excitement surrounding the passage and signing of E-sign, however many questions and concerns arise from a close scrutiny of this legislation.

E-sign is made up of three parts: Title I Electronic Records and Signatures in Commerce; Title II Transferable Records; and Title III Principles Governing the Use of Electronic Signatures in International Commerce.[38] The basic principle of E-sign is set out in section 101, which provides that transactions in or affecting interstate or foreign commerce will not be denied legal effect, validity, or enforceability solely because a signature, contract, or other record relating to the transaction is in electronic form or because an electronic signature or record was used in the formation of a contract relating to such a transaction.[39] This would seem to preempt state electronic signature laws. However, certain exemptions to preemption are set out in section 102.

A. Exemption to Preemption

The laws that will not be preempted by E-sign are detailed in section 102.[40] The section basically provides that if a state has no electronic signature legislation, E-sign will apply. It also provides that if a state passed legislation after June 30, 2000, the legislation must specifically refer to E-sign and be consistent with titles I and II of E-sign. Section 102 addresses the concern that

E-sign will preempt state laws already in existence by making it clear that states that previously have adopted UETA, as proposed, will not be preempted as long as:

1. the scope of the law is consistent with titles I and II of E-sign;
2. the law is technology-neutral; and
3. the law does not accord electronic signatures or records with a security component greater legal effect.

Therefore, electronic signatures laws in states like Utah may be preempted, since they specify the technology to be used. Illinois and Georgia's state laws may be preempted because they give greater legal weight to electronic signatures/records with a security component. What is difficult to comprehend is that while UETA permits variations of the Act of be adopted, E-sign, by threatening preemption, does not permit states to adopt any such variations.

The section 102 preemption exemptions only apply to section 101. To the extent the following E-sign sections conflict with state law, state law is preempted:

- Section 103 exclusions from E-sign.[41]
- Section 104 provisions governing the powers of state and federal agencies.
- Section 105 studies on effectiveness of electronic delivery and burden on businesses to comply with consumer consent provision.
- The provisions on transferable records in title II which deal with secured notes whose collateral is real property. Therefore, UETA section 16 will be preempted as it applies to real property. It will continue to apply to notes secured by other types of collateral.
- The provisions on international electronic commerce in title II that require the Secretary of Commerce to take such steps necessary to facilitate development of interstate and international commerce and remove paper-based obstacles to electronic transactions, and to comply with United Nations Model Law on Electronic Commerce.

B. Consumer Consent Provision

Congress, bowing to the pressure of consumer groups, set out in section 101(c) a procedure to obtain consumer[42] consent to deal electronically. While consumer groups thought they made great strides by the inclusion of this section, it really does not do much to ensure protection of consumers from fraud, errors, or changes in the electronic documents. E-sign only regulates the manner in which the consumer may consent to deal electronically.[43] It requires that:

1. a consumer affirmatively consents and
2. before consenting, the consumer is given a clear statement informing him of his right to receive the record in paper form; how to get it and at what cost; the right to withdraw his consent; how to do it and what fees or consequences will result from withdrawal; and whether consent is for one transaction or for all transactions during the course of the relationship.

The rest of the section goes on to require that the consumer, before consenting, be provided with a statement of the software and hardware it will need in order to access and/or retain the electronic records.[44] It further requires that the consumer consent electronically in a manner that "reasonably demonstrates" that the consumer has the ability to access the information.[45] This may pose a difficult and costly burden on a company/business to determine what will and what will not be a reasonable demonstration of a consumer's ability to access information relating to the transaction.

Another costly burden will result from the requirement that the consumer be informed of software and hardware changes that will materially risk the consumer's ability to access the information.[46] Since each consumer probably will have a different system and software capabilities, it will be difficult and costly to determine to whom the risk will be material. In order to avoid that difficulty, companies may opt to send out notices to every consumer, which also may be a costly proposition. Then, after receiving the notifications, the consumer has to consent all over again, which brings us back to the issue of "reasonably demonstrates" discussed above. The burden on and cost to business was anticipated by Congress. Section 105(b) therefore requires the FTC and the Secretary of Commerce to evaluate any burdens on electronic commerce resulting from this consumer consent procedure.

Is all of this really necessary? Section 101(c)(3) of E-sign really takes the teeth out of the whole consumer consent section. It states that "[t]he legal effectiveness, validity, or enforceability of any contract executed by a consumer shall not be denied solely because of the failure to obtain electronic consent or confirmation of consent by that consumer" in accordance with paragraph 101(c)(1)(C)(ii). However, the consumer can treat noncompliance with the section requiring notice of change in hardware/software as a withdrawal of his consent.[47] Withdrawal is to be effective within a "reasonable" period of time and will not change the legal effectiveness, validity, or enforceability of any consumer-executed contract performed prior to the "withdrawal."[48]

Congress further sought to protect consumers with section 103, which prevents them from receiving the following electronically: notices of cancellation or termination of utility services; notices of default, acceleration, repossession, foreclosure or eviction or the right to cure under a rental agreement for, or credit agreement secured by, an individual's primary residence; notice of cancellation of health insurance or benefits or life insurance benefits (excluding annuities); product recall notices or notice of material failure of a product endangering health or safety.

C. Record Retention

The subsection dealing with the retention of contracts and records,[49] however, does have teeth. It requires that records relating to a transaction in interstate or foreign commerce, which are required by law to be retained, are permitted to be retained electronically if the information is accurately reflected and remains accessible to those required to have access and capable of being accurately reproduced for later reference.[50] Section 101(e) states that

> the legal effect, validity, or enforceability of an electronic record of such contract or other record may be denied if such electronic record is not in a form that is capable of being retained and accurately reproduced for later reference by all parties or persons who are entitled to retain the contract or other record.

D. Title II: Transferable Records

Section 201 of E-sign defines a transferable record as an electronic record that on paper would be considered a note under UCC Article 3 whose issuer has expressly agreed that it is a transferable record and is related to loans secured by real property. This title permits that an electronic signature may be used in a transferable record. This provision is "designed to create the legal infrastructure necessary to justify private investment in systems which will permit the existence of markets in electronic analogs to commercially significant forms of commercial paper."[51] The same rights and defenses will be afforded an obligor as if it were on paper. [52] A holder is the person who has control over the transferable record and will be afforded the same rights and defenses as an equivalent holder under the UCC.[53] A person is defined as having control under subsections (b) and (c) if the system used to show the transfer of interest in the transferable record reliably establishes that he is the person to whom it was issued or transferred. The system satisfies the requirement if a single authoritative copy of the transferable record which is unique, identifiable, and unalterable exists, and it identifies the person to whom it was issued or the person to whom it was last transferred.[54] The authoritative copy has to be maintained by the person asserting control, copies can be made only with his consent, and the copies have to be readily identified as copies.[55] In addition, any change to the authoritative copy must be readily identified as "authorized" or "unauthorized."[56]

E. Effective Dates

Section 107 provides that the general effective date for E-sign is October 1, 2000. However, there are exceptions. The effective date for record retention is March 1, 2001. If on March 1, 2001, state or federal agencies have not completed the system, it becomes effective on June 1, 2001. For transactions involving loan guarantees or loan guarantee commitments of the U.S. government, the effective date is June 30, 2001. Student loan records will have an effective date of either the date of published revisions of the promissory notes or June 30, 2001, whichever is earlier.

IV. Brief Comparison of E-sign and UETA

While there are some similarities between E-sign and UETA, E-sign is not as comprehensive. UETA offers greater protection against fraud by requiring that the electronic signature be attributable to the person whose name appears. It also addresses errors and changes in transmission as well as when something is deemed sent and received. E-sign does not. E-sign also does not address the admissibility of electronic records into evidence, whereas UETA does.[57] UETA addresses automated transactions and protects against erroneous electronic records. E-sign addresses automated transactions but does not discuss what results in the event of an error. While E-sign meticulously lays out a procedure for consumer consent, it really does not do much to protect a consumer. UETA defers to state substantive law to protect consumers.

Another important difference between the two is their scope. UETA applies to transactions only where the parties have agreed to deal electronically. E-sign, on the other hand, does not require such an agreement. Rather, it applies to any transaction that affects interstate or foreign commerce. With the global reach of e-commerce on the Internet, few transactions would fall outside the scope of E-sign.

While UETA is more comprehensive than E-sign, both are silent on the important issue of privacy, i.e., what may or may not be done with consumer information. This is especially of concern when it comes to sensitive health issues. If an Internet pharmacy fills a medication order for AIDS or depression, there is nothing in UETA or E-sign to limit what can be done with this information, which, if made known to the public, could have serious ramifications for that person.

Finally, UETA does not require the parties to deal electronically. Absent an agreement to deal electronically, UETA does not apply. E-sign, on the other hand, does not require such an agreement.

V. E-sign's International Aspect

Because electronic commerce and the Internet are global in character, electronic signature legislation would not be complete without addressing its implications. Title III of E-sign requires the Secretary of Commerce to promote the use and acceptance of electronic signatures internationally by taking all necessary steps to remove barriers and facilitate foreign commerce.[58] It provides the principles with which the Secretary of Commerce is to accomplish this. They are: remove paper-based obstacles in accordance with the 1996 United Nations' Model Law on Electronic Commerce; permit parties to determine the authentication methods and technologies to be used; provide access to judiciary proceedings to determine issues of validity and authentication; and take a nondiscriminatory approach to electronic signatures and authentication methods from other jurisdictions. [59]

VI. The European Union Directive on Electronic Signatures

On April 22, 1999, the European Union approved the Directive on Electronic Signatures, which provides a legal framework for electronic signatures and certification services. It was developed in order to remove barriers to electronic commerce and strengthen consumer confidence in new technologies.[60] It requires the 15 member states to enact legislation that recognizes electronic signatures as having the same legal effect as manual signatures before July 19, 2001.[61] The Directive is technology-neutral. It recognizes both electronic signatures and advanced electronic signatures (the major difference between the two being the security component in the latter).[62] However, both categories of electronic signatures are given the same legal weight. Article 5 of the Directive provides that both are admissible in legal proceedings and that the lack of a security component will not deny the legal effectiveness of the electronic signature.

The security component is provided by a third-party certification authority. The Directive provides that each member state shall devise a system for supervising certification authorities.[63] Certification authorities may limit their liability to persons who rely on the information in the certificate.[64] The certification authority also may limit the use and the time for which the certificate will be valid. All of these limitations however, must be recognizable to third parties.[65]

VII. Brief Comparison of the Directive and E-sign

The Directive has the same goals as E-sign: to encourage the growth of electronic commerce and build the trust of the public. Another similarity is that both are technology-neutral. There may be another similarity: While the Directive recognizes advanced electronic signatures distinct from electronic signatures, the less secure signature is not given any less legal weight. Therefore, an argument can be made that the Directive is similar to E-sign in this regard as well. However, this can be determined only if a situation involving a U.S./EU electronic transaction dispute arises. Because E-sign section 301(D) provides that there should be a nondiscriminatory approach to electronic signatures and authentication methods from other jurisdictions, it is possible that electronic signatures with an extra security component will be accepted. However, if this happens, there will be an inconsistency with E-sign's domestic application, since it preempts any state laws from according electronic signatures greater legal status or effect because a certain technology or technical specification was used in its creation.[66]

The Directive differs from E-sign in providing that electronic signatures are admissible into evidence. It also provides for certification authorities and sets out the requirements to become one and what an issued certificate must contain.[67] The Directive also differs from E-sign in that it addresses a concern on which E-sign is silent: privacy. Article 8 of the Directive requires compliance with the Directive on Privacy, which prohibits the improper collection, use, and transfer of personal data.[68]

VIII. Conclusion

The passage of E-sign was eagerly anticipated. It was intended to create a legal framework for electronic transactions that would be reliable and build consumer confidence. What it created instead was confusion over preemption of state laws already in existence and questions as to the comprehensiveness of future state laws on electronic signatures.

What should you do if a client's transaction may be affected by either UETA or E-sign? The prudent approach would be to comply with both. Practitioners also may want to advise clients on the use of third-party certification services, which may assist clients in identifying and verifying with whom they are dealing and provide a means to secure the integrity of the data sent or agreed to electronically. This is especially important because clients may not have had previous dealings with, or even know, the other party. Concerns with trust that are heightened when conducting a deal electronically may be alleviated by the use of a third-party certification service. Use of a certification service also may be a way to avoid later litigation over such issues as attribution and non-repudiation of electronic signatures and unauthorized changes to original terms or data in electronic contracts or other records. As for conducting electronic transactions within the EU, practitioners should be aware that the U.S. safe harbor principles have been recognized by the EU, which will make EU/U.S. business data transfers simpler and will offer greater protection for personal data.[69]

This article offers the broadest overview of UETA, E-sign, and the EU Directive. The Internet contains a wealth of information on these three pieces of legislation and how they may effect us individually and in our practice. I strongly suggest that you explore the Web sites cited in the endnotes for a closer look at this topic.

Endnotes

1. Electronic Signatures in Global and National Commerce Act, Pub. L. No. 106-229, § 106(5). Note that E-sign differs from UETA in its definition of electronic signature because it includes the word "contract." UETA does not draw a distinction between contract and record. It uses the word "record" only.
2. *See* 106th Congress at www.thomas.loc.gov.
3. *See* Bill and summary status for 106th Congress at http:/thomas.loc.gov.
4. *See* White House Press Release at www.whitehouse.gov/WH/html/electronic_signatures_text.html.
5. *See* E-sign § 101(a).
6. *See id.* § 101(b)(2).
7. Utah Digital Signature Act (Utah Code Ann. §§ 46-3-101 *et seq.*).
8. Illinois Electronic Commerce Security Act; 5 Ill. Comp Stat.175/1-101 et seq. 1997; Official Code of Georgia Annotate, amending Title 10, Ch. 12 (1999 GA SB) Enacted 4/19/99.
9. Chapter 57A of the Consolidated Laws: The State Technology Law (includes Article I: The Electronic Signatures and Records Act), 1999 NY SB 6113; 1997 NC HB 1356.
10. Arkansas, California, and Maine respectively.
11. Legislation authorizing electronic signatures: www.mbc.com/ecommerce/legis/table01.html.
12. *See* Prefatory Note to UETA at www.law.upenn.edu/bll/ulc/fnact99/1990s/ueta99.htm.
13. UETA § 2(8). "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.
14. UETA § 5(a).
15. *Id.* § 5(b).
16. *Id.* § 2(16).
17. *Id.* § 7(a), (b).
18. *Id.* § 7(c), (d).
19. *Id.* § 9(a).
20. *Id.* § 9(b).
21. *See id.* § 10(2).
22. *Id.* § 14.
23. *See id.* § 12(a)(1) and (2).
24. As long as it is done in compliance with the requirements of UETA § 12(a).
25. *See id.* § 15(a)(1), (2) and (3).
26. *See id.* § 15(b)(1), (2) and (c).
27. *See id.* § 15(d), (e), (f).
28. *See id.* § 15(g).
29. *See id.* §§ 17, 18, 19.
30. *See* www.uetaonline.com/hapstate.html.
31. *Id.*
32. Senator McCain from the Committee on Commerce, Science and Transportation, report to accompany S.761, Millennium Digital Commerce Act, July 30, 1999.
33. *Id.*
34. *See* Committee Report to accompany S.761 Senator McCain, from the Committee on Commerce, Science and Technology, 106th Congress, July 30, 1999, available at www.thomas.loc.gov.
35. *See* address by Federal Trade Commission Chairman Robert Pitofsky on February 10, 2000, quoting figures from Jupiter Communications, Inc.'s Press Release on Internet sales; *See also* "Senate Unanimously Approves E-signature Bill," June 16, 2000 available at www.cnet.com.
36. *See* Committee Report.
37. *Id.*
38. Title IV is an amendment to the Child Online Privacy Act and is entitled: Authority to Accept Gifts.
39. *See* E-sign § 101 (a).
40. Section 102 of E-sign provides:

    (a) In General.—A State statute, regulation, or other rule of law may modify, limit, or supersede the provisions of section 101 with respect to State law only if such statute, regulation, or rule of law—

    (1) constitutes an enactment or adoption of the Uniform Electronic Transactions Act as approved and recommended for enactment in all the States by the National Conference of Commissioners on Uniform State Laws in 1999, except that any exception to the scope of such Act enacted by a State under section 3 (b) (4) of such Act shall be preempted to the extent such exception is inconsistent with this title or title II, or would not be permitted under paragraph (2) (A) (ii) of this subsection; or

    (2) (A) specifies the alternative procedures or requirements for the use or acceptance (or both) of electronic records or electronic signatures to establish the legal effect, validity, or enforceability of contracts or other records, if—

    (i) such alternative procedures or requirements are consistent with this title and title II; and

    (ii) such alternative procedures or requirements do not require, or accord greater legal status or effect to, the implementation or application of a specific technology or technical specification for performing the functions of creating, storing, generating, receiving, communicating, or authenticating electronic records or electronic signatures; and

    (B) if enacted or adopted after the date of the enactment of this Act makes specific reference to this Act.

    (b) Exceptions for Actions by States as Market Participants. —Subsection (a) (2) (A) (ii) shall not apply to the statutes, regulations, or other rules of law governing procurement by any State, or any agency or instrumentality thereof.

    (c) Prevention of Circumvention.—Subsection (a) does not permit a State to circumvent this title or title II through the imposition of nonelectronic delivery methods under section 8 (b) (2) of the Uniform Electronic Transactions Act.
41. *See* E-sign § 103(a), (b).
42. E-sign § 106(1) defines "Consumer" as "an individual who obtains, through a transaction, products or services which are used primarily for personal, family, or household purposes, and also means the legal representative of such an individual."
43. E-sign § 101(c) provides, in part, as follows:

    (1) Consent to electronic records.—Notwithstanding subsection (a), if a statute, regulation, or other rule of law requires that information relating to a transaction or transactions in or affecting interstate or foreign commerce be provided or made available to a consumer in writing the use of an electronic record to provide or make available (whichever is required) such information satisfies the requirement that such information be in writing if—

(A) the consumer has affirmatively consented to such use and has not withdrawn such consent;

(B) the consumer, prior to consenting, is provided with a clear and conspicuous statement—

(i) informing the consumer of

(I) any right or option of the consumer to have the record provided or made available on paper or in nonelectronic form and

(II) the right of the consumer to withdraw the consent to have the record provided or made available in electronic form and of any conditions, consequences (which may include terminations of the parties' relationship), or fees in the event of such withdrawal;

(ii) informing the consumer of whether the consent applies

(I) only to the particular transaction which gave rise to the obligation to provide the record, or

(II) to identified categories of records that may be provided or made available during the course of the parties' relationship

(iii) describing the procedures the consumer must use to withdraw consent as provided in clause (i) and to update information needed to contact the consumer electronically; and

(iv) informing the consumer

(I) how, after the consent, the consumer may, upon request, obtain a paper copy of an electronic record, and

(II) whether any fee will be charged for such copy.

44. *Id.* § 101(c)(1)(C)(i).
45. *Id.* § 101(c)(1)(C)(ii).
46. *Id.* § 101(c)(1)(D).
47. *Id.*
48. *Id.*
49. *Id.* § 101(d).
50. *Id.* § 101(d)(1)(A), (B).
51. Patricia Brumfield Fry, "A Preliminary Analysis of Federal and State Electronic Commerce Laws," July 2000 at Section G, at www.uetaonline.com.
52. *See* E-sign § 201(e).
53. *See id.* § 201(d).
54. *See id.* § 201(c)(1)(2).
55. *See id.* § 201(c)(3), (4), (5).
56. *See id.* § 201(c)(6).
57. *See* UETA § 13.
58. *See* E-sign § 301(a)).
59. *See id.* § 301(a)(2)(A), (B), (C), (D).
60. *See* comments by the European Parliament and the Council of the European Union on the Directive, Official Journal of the European Communities, 13/12, 1/19/00.
61. Directive on Electronic Signatures, art. 13.
62. Directive article 2(2) defines advanced electronic signature as an electronic signature which meets the following requirements

    (a) it is uniquely linked to the signatory;

    (b) it is capable of identifying the signatory;

    (c) it is created using means that the signatory can maintain under his sole control; and

    (d) it is linked to the data to which it relates in such a manner that any subsequent change of the data is detectable.

    Directive article 2(1) defines an electronic signature as "data in electronic form which are attached to or logically associated with other electronic data and which serve as a method of authentication."
63. Directive art. 3.
64. Directive art. 6. Note that CAs are liable for damages caused by their negligence.
65. *Id.* arts. 3, 4.
66. *See* E-sign § 102.
67. *See* Directive Annex I, Annex II.
68. Directive 95/46/EC, dated October 24, 1995 (effective Oct. 28, 1998).
69. *See* "EU gives final OK to US safe harbor privacy plan," available at http://www.idg.net.

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To be eligible for consideration, the paper must have been written solely by a student or students in full-time attendance at a law school (day or evening) located in New York State or by out-of-state law students who are members of the Section. The paper must be submitted to the Intellectual Property Law Section on or before June 15, 2001 (postmark deadline). Papers should be no longer than 25 pages, double-spaced, including footnotes. Submissions must include the submitter's name; law school and expected year of graduation; mailing address; e-mail address; telephone number; and employment information, if applicable. Contestants must submit two copies of their papers in hard copy as well as two copies on 3.5" high-density disks in WordPerfect or Word format.

Reasonable expenses will be reimbursed to the author of the winning paper for travel and lodging at the Fall Meeting to receive the Award. Send entries by June 15, 2001 to:

Walter J. Bayer, II
Co-Chair, Technology Transfer
& Licensing Law Committee
GE Licensing
One Independence Way
Princeton, NJ 08540
(609) 734-9413
(e-mail: walter.bayer@corporate.ge.com)

with a copy to:

Victoria A. Cundiff
Chair, Intellectual Property Law Section
Paul, Hastings, Janofsky & Walker, LLP
399 Park Avenue, 30th Floor
New York, NY 10022
(212) 318-6030
e-mail:vacundiff@phjw.com

Please direct any questions to Walter Bayer.

The winners of the Law Student Writing Contest for 1999 were:

First Prize ($1,000): **Penelope J. Flynn** Second Prize ($500): **Juan C. Gonzalez**

New York State Bar Association

NYSBA

INTELLECTUAL PROPERTY LAW SECTION

FALL MEETING

October 12-15, 2000

SECTION CHAIR
VICTORIA A. CUNDIFF
Paul, Hastings, Janofsky & Walker, LLP

PROGRAM CO-CHAIR
MICHAEL B. CARLINSKY
Orrick Herrington & Sutcliffe, LLP

PROGRAM CO-CHAIR
RICHARD L. RAVIN
Hartman & Winnicki, PC

IMPORTANT INFORMATION

10.5 MCLE CREDITS including 1 Hour in Ethics

The New York State Bar Association's Meetings Department has been certified by the New York State Continuing Legal Education Board as an accredited provider of continuing legal education in the state of New York (March 1, 1998-February 28, 2001).

DISCOUNTS AND SCHOLARSHIPS: New York State Bar Association members may apply for a discount or scholarship to attend this program, based on financial hardship. This discount applies to the educational portion of the program only. Under that policy, any member of our Association who has a genuine basis of his/her hardship, and if approved, can receive a discount or scholarship, depending on the circumstances. To apply for a discount or scholarship, please send your request in writing to Linda Castilla at: New York State Bar Association, One Elk Street, Albany, New York 12207.

Schedule of Events

THURSDAY, OCTOBER 12

7:00 - 11:00 p.m. **Buffet Dinner for arriving Guests** - Sagamore Dining Room
(Spouses, Significant Others and Children Welcome!)

FRIDAY, OCTOBER 13

8:00 - 8:45 a.m. **Registration** - Dollar Island Lobby in the Main Hotel

8:45 - 9:00 a.m. **General Session** - Dollar Island Room in the Main Hotel
Welcoming Remarks
Victoria A. Cundiff, Esq., Section Chair
Introduction of Program Co-Chairs
Michael B. Carlinsky, Esq. and **Richard L. Ravin, Esq.**

9:00 - 10:00 a.m. ***DOMAIN NAME RIGHTS IN CYBERSPACE***

Outside counsel, corporate counsel and an arbitrator will discuss their experiences in obtaining, protecting and enforcing trademark and domain name rights, domestically and internationally, vis. a vis. the ICANN Uniform Domain Name Dispute Resolution Policy and the Anticybersquatting Consumer Protection Act, and whether the Domain name is a property right or an intellectual property right or neither.

Laura Covington, Esq.
Senior Counsel, Yahoo! Inc., Santa Clara, California

Professor Milton Mueller
Syracuse University School of Information Studies (also, Arbitrator for National Arbitration Forum and member of International Forum on White Paper and ICANN Domain Name Supporting Organization), Syracuse

Richard L. Ravin, Esq.
Hartman & Winnicki, P.C., Paramus, New Jersey

10:00 - 10:50 a.m. ***TAKING A PIECE OF THE ACTION: ETHICAL RAMIFICATIONS OF INVESTING IN YOUR CLIENT***

An experienced practitioner will discuss the ethical ramifications and obligations involved when attorneys and their firms acquire equity interests in their clients' business and/or intellectual property.

Philip Furgang, Esq.
Furgang & Adwar, LLP, New York City

10:50 - 11:00 a.m. **Break**

11:00 - 11:50 a.m. ***RETHINKING THE ROLE OF INTELLECTUAL PROPERTY LAW IN THE NEW ECONOMY***

Keynote Speaker - Ian C. Ballon, Esq.
Manatt, Phelps & Phelps, LLP, Los Angeles & Palo Alto, California

11:50 - 12:00 p.m. **Questions and Answers**

FRIDAY, OCTOBER 13, cont'd.

12:00 - 1:15 p.m. **Lunch** - Trillium Dining Room in the Main Hotel

1:15 - 4:15 p.m. **Afternoon Session** - Dollar Island Room in the Main Hotel

EUROPEAN UNION PRIVACY DIRECTIVE

1:15 - 2:15 p.m. **Robert T. Bond, B.A., FSALS, CompBCS**
Hobson Audley, London, England

2:15 - 2:25 p.m. **Break**

2:25 - 2:50 p.m. ***BRIDGING THE DIGITAL INSURANCE GAP: PROVIDING INTELLECTUAL PROPERTY COVERAGE IN CYBERSPACE***

Paul Ferrillo, Esq., Assistant General Counsel
National Union Fire Insurance Company, New York City

Questions & Answers

2:50 - 4:05 p.m. ***THE IP ATTORNEY'S ROLE IN EQUITY FUNDING AND TAKING A TECHNOLOGY COMPANY PUBLIC***

Obtain valuable insights and practical tips on the legal and intellectual property issues, including, acquiring venture capitol, what makes a "dot.com" company valuable from an IPO or private placement perspective? How can a company maximize its IP value? What are the criteria for selecting a law firm? What role does IP counsel play in taking a company public, e.g., due diligence?

Moderator:
Michael B. Carlinsky, Esq.
Orrick Herrington & Sutcliffe, LLP, New York City

John A. Coccia, Principal
FA Technology Ventures, Albany

Jeffrey C. Hadden, Esq.
Goodwin, Procter LLP, Hoar, Boston, Massachusetts

Frederick A. Provorny
Harold R. Tyler Professor of Law, Albany Law School, Albany
Director, Science & Technology Law Center, Albany

Steven Wagman, Executive Vice President, Chief Financial Officer
Daleen Technologies, Boca Raton, Florida

4:05 - 4:20 p.m. **Questions and Answers, Announcements**

4:20 p.m. **Adjournment**

FRIDAY AFTERNOON AND EVENING EVENTS

6:30 - 7:30 p.m. **Cocktail Reception** - Conference Center Parlor
Sponsored by: **Ostrolenk, Faber, Gerb & Soffen, LLP**

7:30 - 9:30 p.m. **Dinner** (Spouses and Significant Others Welcome!) - Nirvana Room

7:30 - 9:30 p.m. **Children's Dinner** - Evelley Room

9:00 - 12:00 p.m. **Hospitality Suite** - Triuna Room
Sponsored by: **Cybersafe**

SATURDAY, OCTOBER 14

8:30 - 8:55 a.m. ***TRADE SECRETS AND THE INTERNET***

Practical tips for maintaining your trade secrets on the internet, and what to do if someone else posts them.

Victoria A. Cundiff, Esq.
Paul, Hastings, Janofsky & Walker, LLP, New York City

8:55 - 9:20 a.m. ***THE STATE OF INTERNET SECURITY***

An executive of a major internet security firm will discuss the State of Internet Security and how to deal with attacks from both outside and within a corporate environment.

Paul E. Proctor, Director of Technology
Cybersafe, San Diego, California

9:20 - 9:45 a.m. ***DATABASE PROTECTION VERSUS COPYRIGHT LAW***

Status of Database Protection in the United States.

Justin Hughes, Attorney Advisor
United States Patent and Trademark Office, Washington, DC
Adjunct Professor of Cyberlaw, Benjamin N. Cardozo School of Law, New York City

9:45 - 9:55 a.m. **Break**

9:55 - 10:20 a.m. ***COPYRIGHT ISSUES AND THE INTERNET***

Michael G. Rhodes
Cooley Godward LLP, San Diego, California

10:20 - 10:45 a.m. ***BUSINESS METHODS PATENTS AND E-COMMERCE***

Garland T. Stephens, Esq.
Pennie & Edmonds LLP, New York City

10:45 - 11:10 a.m. ***DATA PRIVACY INITIATIVES IN THE UNITED STATES***

Marc Pearl, Esq.
Shaw Pittman, Washington, DC

11:10 - 11:20 a.m. **Break**

SATURDAY, OCTOBER 14, cont'd.

11:20 - 12:10 p.m. ***HIGH-TECH LITIGATION FROM THE JUDGE'S PERSPECTIVE***

Keynote Speaker - Honorable Robert J. Ward
United States District Court, Southern District of New York
New York City

12:10 - 1:30 p.m. **Lunch** - Trillium Dining Room in the Main Hotel

1:30 - 2:45 p.m. **Afternoon Session** - Dollar Island Room in the Main Hotel

1:30 - 2:00 p.m. ***THE DIGITAL SIGNATURES ACT AND ENCRYPTION: IMPACT UPON INTELLECTUAL PROPERTY PRACTICE***

Richard W. Bader, Esq.
Former Assistant Director Science and Technology Law Center
Attorney and Counsel at Law, Voorheesville

2:00 - 2:30 p.m. ***LOOKING TOWARDS THE FUTURE OF CYBERSPACE, AND INTELLECTUAL PROPERTY LAW INCLUDING THE CONVERGENCE OF TV AND THE INTERNET***

Elliott Masie, Founder
The Masie Center: The Technology and Learning Think Tank
Saratoga Springs

2:30 - 2:45 **Closing Remarks and Announcements**

2:45 p.m. **Conclusion of program**

SATURDAY AFTERNOON AND EVENING EVENTS

4:00 - 5:30 p.m. **Boat Ride Around Lake George**
Sponsored by: **THOMSON & THOMSON**
Boat departs sharply at 4:00 p.m. Don't be late and be left on dry dock!

7:30 - 10:00 p.m. **Dinner** - Wapanak Room in the Conference Center
(Spouses and Significant Others Welcome!)
Announcement of winners of Intellectual Property Law Section Law Student Writing Contest.
Prizes Sponsored by: **THOMSON & THOMSON**

7:30 - 10:00 p.m. **Children's Dinner** - Evelley Room

SUNDAY, OCTOBER 15

Regular Breakfast - Sagamore Dining Room

9:00 to 11:30 a.m. **Executive Committee Breakfast Meeting**
Diamond Island Room in the Main Hotel

NEW YORK STATE BAR ASSOCIATION INTELLECTUAL PROPERTY LAW SECTION

Name ______________________________

Firm ______________________________

Address ______________________________

City ______________ State ______ Zip __________

Please note any address corrections below:

____

____

Daytime Phone ( ) ______________

MEETING REGISTRATION FORM

Name of spouse or guest ______________________________

Nickname/Attorney ______________________ Nickname/Spouse/Guest ______________

PLEASE INDICATE ALL THAT APPLY

Registration fee includes programming, materials & favors, breaks, meal functions & cocktail boat cruise.

Section Member registration fee:*	$190.00	**$** ________
Spouse/guest registration fee:	$80.00	**$** ________
Non-Section Member registration fee:*	$240.00	**$** ________
Non-Section Member Spouse/guest fee:	$130.00	**$** ________
Student Section Member registration fee	$25.00	**$** ________
Non-Section Member Student registration fee**	$50.00	**$** ________

***Includes MCLE credit** ****Includes membership in the Intellectual Property Law Section.*

A. **Luncheon** - Friday, 12:30 p.m.
________Yes, Registered attorney will attend
__________Yes, Registered spouse/guest will attend

B. **Buffet dinner** - Friday, 7:30 p.m.
________Yes, Registered attorney will attend
__________Yes, Registered spouse/guest will attend

C. **Cocktail Boat Cruise & Dinner** - Saturday 4:00 p.m.
__________Yes, Registered attorney will attend
__________Yes, Registered spouse/guest will attend

D. **Children's Dinner** - Friday, 7:30 p.m. Note: Children must be potty trained to attend this event.

__________Yes, my child(ren) will attend (include name(s) and age(s) of children ______________________

E. **Children's Dinner** - Saturday, 7:30 p.m. Note: Children must be potty trained to attend this event.

__________Yes, my child(ren) will attend (include name(s) and age(s) of children ______________________

F. **Evening Meal Tickets:** ***If you are not staying at The Sagamore***, you may purchase meal tickets for Friday and/or Saturday evening. (Breakfast and Dinner is included in the overnight rate for those staying at The Sagamore.)

__________**Friday Dinner**	**$52.00 per person**	**Subtotal $:**__________
__________**Saturday Dinner**	**$60.00 per person**	**Subtotal $:**__________

G. **Saturday Luncheon**: Guests may choose either to attend the Section Luncheon or have a box lunch. Please indicate your choice. Advance counts are necessary for this event.

__________Section Luncheon __________Box Lunch

Check or money order enclosed in the amount of $ _________ (Please make checks payable to the New York State Bar Association.)

❑ Charge $ ________ to ❑ American Express ❑ Discover ❑ MasterCard ❑ Visa Expiration date __________

Card number:

Authorized Signature: ______________________

Notice of cancellation must be received *September 29, 2000* in order to obtain a refund of fees.
Please return this form with appropriate fees to: Linda L. Castilla, Meetings Coordinator, New York State Bar Association,

Trade Winds

Trade Winds offers Section members a way to keep up on the comings and goings of their colleagues and upcoming events of interest. Has there been a change in your practice? Any recent or forthcoming articles or lecture presentations? Won any awards recently? Please e-mail submissions to Jonathan Bloom at jonathan.bloom@weil.com.

Richard L. Ravin, Co-Chair of the Internet Law Committee and Treasurer of the Section, has joined Hartman & Winnicki, P.C. as head of the firm's newly formed E-Commerce and Intellectual Property Law Group. **Matthew J. Ahearn**, formerly of Computer Horizons Corp., has become Of Counsel to Hartman & Winnicki and a member of the E-Commerce and Intellectual Property Law Group.

Welcome New Members:

Henry A. Adcock
Dino Agudo
Angelica Aquino-Gonzalez
Robert F. Bahrampour
Darci J. Bailey
Jennifer Bassuk
Amy Shalimar Bennett
Valerie L. Boccadoro
Jodi B. Brenner
Stephen J. Brown
Frank A. Bruno
Michael Byrne
Maureen D. Calle
David Cancel
Albert Wai Kit Chan
Galal Chater
Ching Wah Chin
Sanije J. Citaku
Noreen L. Connolly
Heidi C. Constantine
Melissa M. Cross
Jeannie V. Daal
Cheryl L. Davis
Serge Debrye
Scott K. Dinwiddie
David B. Dort
Keith R. Eng
Fedra F. Fateh
Neal Feivelson
David Fultz
Kevin Fumai
George M. Gensler
Ann Laura Gisolfi
Reine H. Glanz
Emmanuel E. Gonsalves
Daryl Goodman
Stephanie A. Gore
Karen Greenberg
Takeyoshi Harada
Matthew P. Harper
Yvonne P. Hill-Falconer
Yutonya V. Horton
James Irving
Heather Lynn Jensen
Gail Johnston
Alexandra Kargin
Sita Krafchow
Thomas P. Krzeminski
Richard A. Kurnit
Nancy F. Lanis
Joanne Akiko Liu
Yufeng Liu
Beverly W. Lubit
Frank Maldari
Eugenia Kathryn Martin
Meghan McCurdy
Michael McGraw
Jennifer Meredith
Dana R. Metes
Frederick J. Micale
Gabriel S. Miller
Marc P. Misthal
Cynthia Mitchell
Glenn M. Mitchell
Francis C. Mizzo
Lori-Anne Mooney
Edward T. Moy
Aleksandr M. Muzyka
Jeffrey D. Neuburger
Brian Nolan
Donna Rowley O'Leary
Kenneth D. O'Reilly
Dara L. Onofrio
Daren M. Orzechowski
Steven V. Podolsky
Eric J. Przybisiki
Claudia L. Psome
Thomas A. Rayski
Brendan T. Redmond
David H. Relkin
Paul A. Robbins
Katherine D. Roome
CindyAnn Ross
Charles D. Ruttan
Gerard N. Saggese
Hideyasu Sasaki
Jay P. Sbrollini
Mark C. Scarsi
Wendy Jo Schechter
Jean E. Schreier
Elizabeth M. Schubert
Michael Schunck
Robert Hisashi Shiroishi
Andre Ramon Soleil
Frank J. Spanitz
Shernette Ava Lorraine Stafford
Erich John Stegich
Jenny L. Stewart
Katherine Aurore Surprenant
Jill Taylor
Mark D. Torche
Peter Tsu-Man Tu
Marijke Karin Van Ekris
Christopher Vitale
James R. Vogel
Blaze D. Waleski
James D. Weinberger
Helene T. Weiner
Kristin Brady Whiting
Norman Wise
Joan Xie
Ira L. Zebrak

Save the Date!

New York State Bar Association
Intellectual Property Section

ANNUAL MEETING

Tuesday, January 23, 2001

New York Marriott Marquis

MEMBERSHIP APPLICATION
New York State Bar Association:

INTELLECTUAL PROPERTY LAW SECTION

Membership in the New York State Bar Association's Intellectual Property Law Section is a valuable way to:

- enhance professional skills;
- keep up-to-date with important developments in the legal profession;
- join colleagues in exciting Section events.

OPPORTUNITIES FOR EDUCATION

The Intellectual Property Law Section offers both the experienced and novice practitioner excellent opportunities to enhance their practical and legal knowledge and expertise. Through Section activities, including conferences on intellectual property (an annual fall event), members may examine vital legal developments in intellectual property law. The Section's Web site provides current information regarding Section events and offers "members only" access to current issues of *Bright Ideas* and current Committee bulletins providing updates on intellectual property law. The Section plans to sponsor continuing legal education (CLE) credit-bearing programs for Section members at reduced rates. Recent programs offered by the Section related to computer software and biotechnology protection, conducting intellectual property audits, and practical considerations in trade secret law. The Section sponsors an annual Intellectual Property Law writing contest for New York State Law Students.

OPPORTUNITIES FOR PROFESSIONAL DEVELOPMENT

Intellectual Property Law Section committees address unique issues facing attorneys, the profession and the public. The Section offers opportunities to serve on committees such as Patent Law; Trademark Law; Copyright Law; Internet Law; Trade Secrets; Technology, Transfer and Licensing; Young Lawyers, and the Special Committee on the Impact of the Uniform Computer Information Transaction Act on Intellectual Property Law.

Committees allow you to network with other attorneys from across the state and give you the opportunity to research issues and influence the laws that can affect your practice. Committees are also an outstanding way to achieve professional development and recognition. Law students are automatically members of the Young Lawyers Committee. Section members may join more than one committee.

A VOICE IN THE ASSOCIATION

The Intellectual Property Law Section takes positions on major professional issues that affect practitioners and advocates those positions within the New York State Bar Association, the legislature, and the public.

See page 24 to become a member of the Intellectual Property Law Section

COMMITTEE ASSIGNMENT REQUEST

Please designate from the list below, those committees in which you wish to participate. For a list of committee chairs and their e-mail addresses, please refer to page 25 of this issue.

___ Copyright Law (IPS1100)
___ Internet Law (IPS1800)
___ Patent Law (IPS1300)
___ Technology, Transfer and Licensing (IPS1400)
___ Trade Secrets (IPS1500)
___ Trademark Law (IPS1600)
___ Young Lawyers (IPS1700)

Please e-mail your committee selection(s) to Naomi Pitts at: npitts@nysba.org

* * *

To be eligible for membership in the Intellectual Property Law Section, you first **must** be a member of the NYSBA.

❒ As a member of the NYSBA, I enclose my payment of $30 for Intellectual Property Law Section dues. (Law student rate: $15)

❒ I wish to become a member of the NYSBA and the Intellectual Property Law Section. I enclose both an Association and Section application with my payment.

❒ Please send me a NYSBA application. No payment is enclosed.

Name ______________________________

Office ______________________________

Office Address ______________________________

Home Address ______________________________

E-mail Address ______________________________

Office Phone No. ______________________________

Office Fax No. ______________________________

Home Phone No. ______________________________

Please return payment and application to:

Membership Department
New York State Bar Association
One Elk Street
Albany, New York 12207
Telephone: 518/487-5577
FAX: 518/487-5579
http://www.nysba.org

Section Committees and Chairs

The Intellectual Property Law Section encourages members to participate in its programs and to contact the Section officers or Committee Chairs for information.

Committee on Copyright Law
Jeffrey Barton Cahn (Co-Chair)
Sills Cummis et al.
The Legal Center
Newark, NJ 07102
Tel: (973) 643-5858
Fax: (973) 643-6500
e-mail: jcahn@sillscummis.com

Robert W. Clarida (Co-Chair)
Cowan, Liebowitz & Latman, P.C.
1133 Avenue of the Americas, 35th Fl.
New York, NY 10036
Tel: (212) 503-6266
Fax: (212) 575-0671
e-mail: rwc@cll.com

Committee on Internet Law
Rory J. Radding (Co-Chair)
Pennie & Edmonds LLP
1155 Avenue of the Americas,
22nd Floor
New York, NY 10036
Tel: (212) 790-6511
Fax: (212) 869-8864
e-mail: rjradding@pennie.com

Richard L. Ravin (Co-Chair)
Hartman & Winnicki
115 W. Century Road
Paramus, NJ 07654
Tel: (201) 967-8040
Fax: (201) 967-0590
e-mail: rick@ravin.com

Committee on Patent Law
Philip A. Gilman (Co-Chair)
Kramer, Levin et al.
34-35 76th Street, Apt. 2J
Jackson Heights, NY 11372
Tel.: (212) 715-9216
Fax: (212) 715-8216
e-mail: pgilman@kramer-levin.com

Philip A. Furgang (Co-Chair)
Furgang & Adwar, LLP
Two Crossfield Ave., Suite 210
West Nyack, NY 10994
Tel: (914) 353-1818
Fax: (914) 353-1996
e-mail: phil@furgang.com

Committee on Technology, Transfer & Licensing
Walter J. Bayer, II (Co-Chair)
One Independence Way
Princeton, NJ 08540
Tel.: (609) 734-9413
Fax: (609) 734-9899
e-mail:
walter.bayer@corporate.ge.com

Neil Baumgarten (Co-Chair)
1885 Cynthia Lane
Merrick, NY 11566
Tel: (516) 868-6617
Fax: (516) 868-7666
e-mail: nsbaumg@aol.com

Committee on Trade Secrets
Michael B. Carlinsky (Chair)
Orrick Herrington & Sutcliffe, LLP
666 Fifth Avenue
New York, NY 10103
Tel: (212) 506-5172
Fax: (212) 506-5151
e-mail: mcarlinsky@orrick.com

Committee on Trademark Law
Peter S. Sloane (Chair)
Ostrolenk Faber et al.
1180 Ave. of the Americas, 7th Floor
New York, NY 10036
Tel.: (212) 382-0700
Fax: (212) 382-0888
e-mail: psloane@ostrolenk.com

Committee on Young Lawyers
Marie-Eleana First (Co-Chair)
Law Office of Theodore N. Cox
179 Bennett Avenue, Apt. 1D
New York, NY 10040
Tel.: (212) 925-1208
e-mail: mfirst622@aol.com

Randie B. Rosen (Co-Chair)
Orrick Herrington & Sutcliffe, LLP
666 Fifth Avenue
New York, NY 10103
Tel.: (212) 506-3602
Fax: (212) 506-5151
e-mail: rrosen@orrick.com

Section Activities and Notices

If you are interested in joining any of the Section's Committees (listed on page 20), please contact Naomi Pitts at the New York State Bar Association via e-mail (npitts@nysba.org) or phone (518-487-5587). Membership is free for Intellectual Property Law Section members.

Copyright Committee

On June 8th, our own Marty Richman of Kirkpatrick & Lockhart once again graciously hosted the **Copyright Committee**'s annual lunch meeting in New York City. And again, we were most fortunate to have Robert Clarida of Cowan, Liebowitz & Latman, P.C. present his terrific annual update on copyright law. For three years now, Bob has been our principal speaker in June, providing a compressed version of the now famous CL&L comprehensive review of cases for the past 12 months. Following the update, and our discussion of the cases and trends, we shared our predictions on what the courts would finally determine with regard to Microsoft's fate.

Copyright Committee members should make sure they reserve and attend next June, when Bob will return for Update 2001.

Miriam M. Netter, Co-Chair
Jeffrey Barton Cahn, Co-Chair

Internet Law Committee

The dynamic development of the Internet has spurred a parallel growth of the **Internet Law Committee**. Since the Committee was founded two years ago, its membership has grown to more than 60 members. The Committee meets at 12:00 noon on the third Tuesday of every month (except August and October). The luncheon meetings are hosted by Rory Radding at Pennie & Edmonds' New York City offices, with upstate members regularly participating by teleconference.

Since the NYSBA's implementation of MCLE credits for Committee meetings, presentations at the meetings have been awarded CLE credits. Topics presented and discussed during the past year addressed a broad range of Internet-related issues including copyright, trademark, patent, domain name, antitrust, contract, and employment law; the European Union Privacy Directive; U.S. online privacy policies; domain name disputes and the ICANN policy; the Uniform Computer Information Transactions Act (UCITA); the Children's On-line Privacy Protection Act; issues raised in *Lexis v. Jurisline* and *eBay v. Bidders Edge*; ethical issues in taking equity in a client; the Digital Millennium Copyright Act and the constitutionality of its anticircumvention provisions vs. fair use doctrine; the new federal Digital Signature Act; and other matters arising under current cases, regulations, or policies impacting the Internet.

Speaker presentations are followed by a round table discussions; hot topics are also discussed. Everyone benefits from the sharing of knowledge and views and the lively group interaction. It makes for an engaging and rewarding experience, with the time passing at cyber speed.

Rory J. Radding, Co-Chair
Richard L. Ravin, Co-Chair
Raymond Mantle, Secretary

Young Lawyers Committee

On March 20, 2000 the Young Lawyers Committee sponsored an event entitled "Legal Issues in Cyberspace" at Hofstra University School of Law with Hofstra's local school chapter of the Phi Alpha Delpha Fraternity, its Cyber Law Forum, and its New Media Law Society. The panel included Michael B. Carlinsky, a partner at Orrick Herrington & Sutcliffe, LLP and member of the Intellectual Property Section's Executive Committee; Marc Roth, an associate at Brown, Raysman, Millstein, Felder & Steiner; Benjamin K. Semel, an associate at Pryor Cashman Sherman & Flynn LLP; and John Impagliazzo, Ph.D., professor at Hofstra University School of Law, Department of Computer Science.

March 20, 2000
"Legal Issues in Cyberspace"

Pictured from left to right: Benjamin K. Semel, Esq.; Marc Roth, Esq.; John Impagliazzo, Ph.D.; and Michael B. Carlinsky, Esq.

Mr. Carlinsky addressed trade secrets and copyright infringement. Mr. Roth spoke about privacy interests on the Internet. Mr. Semel discussed trademark issues relating to domain names on the Internet. Professor Impagliazzo spoke about ethics with respect to computer science. The event was organized by Rachel Cherny and Austin Graff, the Young Lawyers Committee's liaisons to Hofstra Law School.

On March 22, 2000, the Committee co-sponsored an event titled "Legal and Social Implications of Trusted Systems and Hardware Identifiers" at Cardozo School of Law. The panel included Lorrie Cranor, Senior Technical Staff Member at AT&T Labs-Research and Chair of Computers, Freedom and Privacy 2000 Conference; Donald Hawthorne, an associate at Paul, Weiss, Rifkind, Wharton & Garrison and Adjunct Professor at Benjamin N. Cardozo School of Law; Scott Kurnit, Founder and CEO of About.com, Inc.; Jonathan Weinberg, Squadron Scholar-in-Residence at Benjamin N. Cardozo School of Law and Scholar-in-Residence at the Federal Communications Commission; and Professor Monroe Price of Cardozo Law School, who moderated the discussion. Topics included the problems with hardware identifiers with respect to rights management systems; why hardware identifiers are used and some alternatives to using them; and tension between establishing electronic distribution systems vis-à-vis copyright protection vs. privacy.

March 22, 2000
"Legal and Social Implications of Trusted Systems and Hardware Identifiers"

Pictured from left to right: Scott Kurnit, Donald Hawthorne, Professor Monroe Price, Lorrie Cranor, and Jonathan Weinberg

On April 5, 2000, the Committee, together with the Brooklyn Law School Intellectual Property Law Association, held a Spring Speaker Symposium entitled "Trademark and Copyright Infringement on the Internet." The panel included Meichelle MacGregor, an associate at Cowan Leibowitz and Latman; Jenevra Georgini, Associate General Counsel of American International Group; Richard Pawelczk, an associate at Jacobson & Colfin; and Rob Weizner, Vice President, New York, of Emusic.com. The event was organized by the Committee's liaison to Brooklyn Law School, Ariel Aminov, president of the Brooklyn Law School Intellectual Property Law Association.

Marie-Eleana First, Co-Chair

Submission of Articles

Anyone wishing to submit an article, announcement, practice tip, etc., for publication in an upcoming issue of *Bright Ideas* is encouraged to do so. Articles should be works of original authorship on any topic relating to intellectual property. Initially, submissions may be of any length.

Submissions should preferably be sent on a 3.5" disk (double or high-density) which clearly indicates the word processing program and version used, along with a hard copy or by e-mail to Jonathan Bloom, Executive Editor, at the address indicated on this page. Submissions for the Winter 2000 issue must be received by October 16, 2000.

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