

BEFORE UCITA: LICENSING, SELLING, AND
USING INFORMATION UNDER THE PROPOSAL
FORMERLY KNOWN AS U.C.C. ARTICLE 2B¹ AND
FEDERAL DATABASE PROTECTION
LEGISLATION²

SPEAKERS:*

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MODERATOR:

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INTRODUCTION:

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¹ U.C.C. art. 2B (Software Contracts and Licenses of Information) (Proposed Draft Aug. 1998), *available at* <<http://www.law.uh.edu/U.C.C.2b/>>.

² Collections of Information Antipiracy Act, H.R. 354, 106th Cong. (1999); *see also* Collections of Information Antipiracy Act, H.R. 2652, 105th Cong. (May 19, 1998). "While [section 354] is almost identical to [section 2652], [the changes made] clarify and embody fair use, and . . . address the issue of perpetual protection. These two changes address key concerns voiced by the nonprofit scientific, educational, and research communities during our consideration last term." Collections of Information Antipiracy Act, Hon. Howard Coble (extension of remarks, Jan. 20, 1999), *available at* <<http://thomas.loc.gov/>>.

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EDITOR'S NOTE:

This is an edited transcript of the symposium originally entitled *Information in the Digital Age: Licensing, Selling and Using Information Under the Proposed U.C.C. Article 2B and Federal Database Protection Legislation*, which took place on March 24, 1999, at the Benjamin N. Cardozo School of Law. Despite the passage of several years, the questions which the speakers addressed at this symposium are still very much alive and unresolved.

The proposed Article 2B of the U.C.C. is ostensibly no longer in existence—it has been replaced by the model known as the Uniform Computer Information Transactions Act (“UCITA”), which was approved as a uniform law by the National Conference of Commissioners on Uniform State Laws in July 1999 (amended August 2000). Since its approval, UCITA has been adopted as law in the states of Virginia and Maryland, and is currently under consideration in several other state legislatures. But by all accounts, UCITA is a very close replica of the proposed Article 2B and addresses (or fails to address) many of the same issues in the same manner as did its precursor. The concern regarding the effect of UCITA’s provisions has resulted in many states considering “bomb-shelter” legislation, which makes voidable a choice of law provision that points to a UCITA jurisdiction. Such legislation was adopted as a provision of Iowa’s Uniform Electronic Transactions Act (although it expires July 1, 2001), and other “bomb-shelter” provisions are currently pending in New York and Oregon. A similar bill was recently rejected by the North Dakota Senate. UCITA itself has been introduced this year in many state legislatures across the United States.

Three separate Congresses have considered and failed to pass federal database protection legislation. Both proponents and opponents expect the issue to be raised in the current Congress, and the rhetoric has not cooled off over the years.

The symposium is presented here in the manner in which it originally took place. The speakers’ debate has not been updated to reflect the differences between the former Article 2B and UCITA, nor has information been added regarding the latest federal database protection attempts. It is our hope that this presentation may act as an historical context from which informed discussions regarding the current legislative efforts will develop.

INTRODUCTION

DAVID WOLF

This program is sponsored by the Copyright Committee of the New York City Bar Association, the Communications and Media Law Committee, and the Computer Law Committee, in conjunction with the Cardozo Intellectual Property Law Program, the *Cardozo Arts & Entertainment Law Journal*, and the Jacob Burns Institute for Advanced Legal Studies.

Fact works have a jagged history of protection under United States copyright law. Although the United States Supreme Court pulled the rug out from the protection of fact works by its 1991 decision in *Feist*,³ fact works comprised most of the works that were protected under the first U.S. copyright statute, the Act of 1790 that protected maps, charts, and books, in that order.⁴ *The Philadelphia Spelling Book* was the first work registered under the first U.S. copyright statute.⁵

In 1967, Professor Benjamin Kaplan's book, *An Unhurried View of Copyright*—possibly the longest unhurried view of copyright—said that the problem of protecting fact works “will certainly be renewed in a most acute way in relation to manipulation of data collections by the new breed of electronic devices.”⁶ This was a 1967 theory. Well, we are now at that renewal moment, and it is pretty acute.

Our panel tonight will discuss this issue. I would like to introduce Edward Davis, the chair of the subcommittee—comprised of himself, Ron Kaden, and Marci Hamilton—that organized this program.

³ *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 361-64 (1991) (holding that alphabetically-listed telephone “white pages” were not protected under copyright, since they do not constitute an original arrangement of facts).

⁴ The statute was described by one commentator as follows:

The first Congress of the United States, sitting immediately after the formation of the Constitution, enacted that the ‘author or authors of any map, chart, book, or books, being a citizen or resident of the United States, shall have the sole right and liberty of printing, reprinting, publishing, and vending the same for the period of fourteen years from the recording of the title thereof in the clerk’s office, as afterwards directed.

H.R. 2222, 60th Cong. (1909) (citing 1 Stat. 124.1.), cited in 8 MELVILLE B. NIMMER, NIMMER ON COPYRIGHT app. 13-4 (1999). See also Act of May 31, 1790, ch. 15, 1 Stat. 124 (protecting maps, books, and charts).

⁵ See United States Copyright Office, *Circular 1a, A Brief History and Overview*, available at <<http://www.loc.gov/copyright/docs/circ1a.html>>.

⁶ BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT (1968).

EDWARD DAVIS

I think you will agree that we could not hope for a group of panelists better qualified to enlighten us on the issues raised by proposed Article 2B of the U.C.C. and the federal database protection legislation. We will hear some of the leading voices from across the country—lawyers who bring a wealth of varied experience and expertise to bear on these challenging questions.

Our panelists join us from the government, business, and university sectors. Professor Raymond Nimmer is the Leonard Childs professor at the University of Houston Law Center and co-director of the Houston Intellectual Property and Information Law Program. Professor Nimmer is the reporter to the drafting committee on Article 2B of the U.C.C. In that role, he has served as both a leader and a lightning rod. He is also a consultant to the office of the legal advisor of the U.S. Department of State.

In 1985, the Association of American Publishers gave a National Book Award to the first edition of Professor Nimmer's book, *The Law of Computer Technology*.⁷ His book is now in its third edition. Professor Nimmer is also the author of the West treatise on information law⁸ and many other books and articles.⁹ In addition, he speaks frequently in this country and overseas on intellectual property, business, and technology law.

George Cooke is the Vice President and Chief Counsel for Film Programming at Home Box Office, a division of Time Warner. Mr. Cooke oversees the negotiation and drafting of licensing and financing agreements for motion pictures appearing on HBO domestically and abroad.

Mr. Cooke has been with HBO since 1983. He was previously associated with the Boston law firm of Ropes and Gray. He earlier spent four years as a lieutenant in the United States Navy, serving on destroyers and as an advisor in Vietnam. That is a wealth of varied experience.

Mr. Cooke graduated from Dartmouth College and Harvard Law School. He has a master's degree from Cambridge University and has written a number of articles on the implications of pro-

⁷ RAYMOND T. NIMMER, *THE LAW OF COMPUTER TECHNOLOGY* (1985).

⁸ RAYMOND T. NIMMER, *INFORMATION LAW* (1996).

⁹ See, e.g., Raymond T. Nimmer, *An Update on Financing with Intellectual Property as Collateral*, 9 J. PROPRIETARY RTS. 2 (1997); TWO MILLION UNNECESSARY ARRESTS: REMOVING A SOCIAL SERVICE CONCERN FROM THE CRIMINAL JUSTICE SYSTEM. *THE LAW OF COMPUTER TECHNOLOGY: RIGHTS, LICENSES, LIABILITIES* (1992); UNIFORM COMMERCIAL CODE. DISCUSSION DRAFT ARTICLE 2B, LICENSES: THE AMERICAN LAW INSTITUTE (April 14, 1997).

posed Article 2B of the U.C.C. He has spoken widely on the subject to the bar associations and the Practising Law Institute.

Justin Hughes is attorney advisor in the Patent and Trademark Office ("PTO") of the United States Department of Commerce. Prior to joining the Clinton Administration, Mr. Hughes practiced law in Los Angeles and Paris after receiving his bachelor's degree from Oberlin and his law degree from Harvard. He is the author of several scholarly articles about intellectual property law topics, which have appeared in the *Georgetown* and *Texas Law Reviews*, as well as the *Cardozo Arts & Entertainment Law Journal*.¹⁰

Since joining the Commerce Department, Mr. Hughes has devoted most of his time to the Administration's initiatives in copyright and related rights including database protection issues. He has been deeply involved in the WIPO treaty implementation process and has also followed the U.C.C. 2B process on behalf of the PTO.

Robert Gomulkiewicz is a senior corporate attorney with the Microsoft Corporation. He joined Microsoft in 1991 from the Seattle law firm of Preston Gates and Ellis, where he specialized in software licensing and technology litigation and worked on the *Apple v. Microsoft* case.¹¹ He now manages the Microsoft law department's platforms and applications practice group, which supports the development of Microsoft systems and desktop applications, including products that we use everyday, such as Windows, Windows NT, Office, and Back Office.

Mr. Gomulkiewicz chairs the Business Software Alliance's U.C.C. 2B Working Group, and he also teaches courses on legal protection for software and technology licensing at the University of Washington Law School. He joins us directly from Ann Arbor, where he lectured on technology licensing at the University of Michigan Law School.

Professor Pamela Samuelson of the University of California at Berkeley has a joint appointment in the School of Law and the School of Information Management and Systems. She is also the co-director of the Berkeley Center for Law and Technology and has written and spoken extensively about the challenges that new information technologies pose for public policy and traditional le-

¹⁰ See, e.g., Justin Hughes, *The Personality Interest of Artists and Inventors in Intellectual Property*, 16 *CARDOZO ARTS & ENT. L.J.* 81 (1998); Justin Hughes, *The Philosophy of Intellectual Property*, 77 *GEO. L.J.* 287 (1988); Justin Hughes, "Recoding" *Intellectual Property and Overlooked Audience Interests*, 77 *TEX. L. REV.* 923 (1999).

¹¹ *Apple Computer, Inc. v. Microsoft Corp.*, 35 F.3d 1435 (9th Cir. 1994).

gal regimes.¹²

Professor Samuelson is currently a MacArthur Fellow and a Fellow of the Electronic Frontier Foundation, as well as the Association for Computing Machinery and Cyberspace Law Institute. She authors a regular column on legal issues in the computer journal, *Communications of the ACM* and has written numerous articles and books on the subjects that we will be discussing today.¹³

Professor Samuelson graduated from Yale Law School and practiced law in New York for the firm of Wilkie, Farr & Gallagher. Before joining the Berkeley faculty, she taught at the University of Pittsburgh Law School and was a visiting Professor of Law at Cornell, Columbia, and Emory.

Our moderator is Professor Marci Hamilton. Professor Hamilton is the Professor of Law and director of the Intellectual Property Program here at the Benjamin N. Cardozo School of Law, Yeshiva University. She specializes in constitutional law, especially the First Amendment, and in copyright law. She was a visiting scholar last year at the Princeton Theological Seminary, and she will be the distinguished visiting professor of law next fall at Emory University.

Professor Hamilton has written articles on computer science and copyright law, as well as issues of free speech and church and state relations.¹⁴ She is currently writing a book on the influence of Presbyterianism on the Framers' choice of a representative form of government, and another book on the historical and theological origins of the Constitution's Copyright Clause. Professor Hamilton is a frequent advisor on proposed legislation affecting copyright, including the database protection legislation. She also advises on legislation affecting religious liberty. She served as lead counsel for the city of Boerne, Texas, arguing before the United States Supreme Court in the city's successful challenge to the constitutionality of the Religious Freedom Restoration Act.¹⁵ She regularly acts as a consultant on Supreme Court litigation.

Professor Hamilton clerked for Supreme Court Justice Sandra

¹² See, e.g., Pamela Samuelson, *Benson Revisited: The Case Against Patent Protection for Algorithms and Other Computer Program-Related Inventions*, 39 EMORY L.J. 1025 (1990); Pamela Samuelson et al., *A Manifesto Concerning the Legal Protection of Computer Programs*, 94 COLUM. L. REV. 2318 (1994); Pamela Samuelson, *Some New Kinds of Authorship Made Possible by Computers and Some Intellectual Property Questions They Raise*, 53 U. PITT. L. REV. 685 (1992).

¹³ For a list of other of Professor Samuelson's ACM articles, see her home page at <<http://www.sims.berkeley.edu/~pam/papers.html>>.

¹⁴ See, e.g., Marci A. Hamilton, *Art Speech*, 49 VAND. L. REV. 73 (1996); Marci A. Hamilton, *Computer Science Concepts in Copyright Cases: The Path to a Coherent Law*, 10 HARV. J.L. & TECH. 239 (1997); Marci A. Hamilton, *The Religious Freedom Restoration Act Is Unconstitutional, Period*, 1 U. PA. J. CONST. L. 1 (1998).

¹⁵ See *City of Boerne v. Flores*, 521 U.S. 507 (1997).

Day O'Connor and Chief Judge Edward Becker of the United States Court of Appeals for the Third Circuit after graduating from the University of Pennsylvania Law School, where she was the editor-in-chief of the *Pennsylvania Law Review*.

MARCI HAMILTON

The title tonight is tame, and it is certainly too wordy. In fact, for the last couple of days I have been calling downstairs asking the poor *Arts & Entertainment Law Journal* people, "Would you post a sign about the program?" And they kept saying, "It's posted. It's just got little, tiny type." And I could not find it anywhere.

So in its defense, the title is the product of a very well-intentioned subcommittee, of which I am a member. This committee tried to produce something from this topic that is noncontroversial. I cannot pretend to be an innocent bystander in this particular debate. So, I am going to tell you the title that I proposed, which they rejected.

I thought the title should have been: "The Propertization of Data, Why It's Unconstitutional and Why We Ought to Run Like Hell." David, a very fine man, said, "No, thanks." He then sent me this long, wordy title, to which I agreed. That is my full position on the title situation. And we do not need to spend any time on me tonight.

The debate over U.C.C. 2B and the federal database legislation is fascinating for copyright people because it is rather raw politics. The debate concerns how the pie in the information era will be defined and thereupon divided. There is a growing sense, I hope, among the people that this is an issue that is worth talking about and caring about.

It is impossible to understand the debate without understanding who the players are who care about it, and why they care. I will briefly mention some of the players that care the most about it, and then leave you to the substantive presentations by our distinguished panel.

The first question you have to ask is: Who has data? The second question concerns who creates databases, and if they do, why they would care about protecting it. Good examples of institutions that have valuable data and that collect data regularly include the American Medical Association ("AMA"), and NASDAQ. News organizations are also a good example because they collect data and rely on that data.

Third, who does not have data but sells products that might

contain data? Obviously Microsoft might be a candidate, as well as other computer software companies. It is worthwhile to think about those entities that are creating new products, which then could contain data, and might then care about this data.

Finally, who is worried about this sort of thing? The people who are worried about it, including those who are proposing it, run the gamut. They include research librarians and scientists, news reporters—not the news organizations—and anyone else who uses data.

So the question is twofold. First, how should all of this legislation correspond to the way we deal with copyright as it fits into the Constitution? Second, as a policy matter, who ought to have which part of the pie? I hope that we will be able to illuminate some of those questions. With no disrespect to my panelists, we certainly will not answer many of them. Let us start with Professor Raymond Nimmer.

RAYMOND NIMMER

I must admit that I find the introduction slightly odd, as I do not quite view contract law as a question of attempting to allocate pieces of a pie so much as simply facilitating transactions that make value move through the economy. As I understand it, the issue with Article 2B is inherently different from the database issue.

In terms of the database legislation, we are essentially talking about the creation of a new form of property—or form of control over information, whichever way you want to describe it.¹⁶

In reference to Article 2B, we are not discussing anything new at all. The idea that contract is suddenly sprung upon the intellectual property world is pretty amusing, because contract has always been connected to the transfer and exploitation of intellectual property and other forms of information from time immemorial.

A couple of years ago, a friend of mine showed me a license that had been executed by Dun & Bradstreet. The license essentially controlled the use of the information that Dun & Bradstreet

¹⁶ The relevant statute provides that:

Any person who extracts, or uses in commerce, all or a substantial part, measured either quantitatively or qualitatively, of a collection of information gathered, organized, or maintained by another person through the investment of substantial monetary or other resources, so as to cause harm to the actual or potential market of that other person, or a successor in interest of that other person, for a product or service that incorporates that collection of information and is offered or intended to be offered for sale or otherwise in commerce by that person, or a successor in interest of that person, shall be liable to that person or a successor in interest for the remedies set forth in section 1406.

H.R. 354, 106th Cong. § 1402 (1999).

provided to a client. The date on the license was approximately 1840.

We are not talking about a new area of law when we talk about contract. What obviously is happening is that the distribution systems, the methods in which our economy functions, the way information is handled, and the value of that information have all changed. So while contract law has been doing its thing, the information world has emerged into a major part of our economy and has become a central part of how commerce is handled.

That change is what generates some of the friction and some of the concern that I think is being alluded to here. We are now in a world where the old forms of distributing information still exist. However, they are not likely to be the dominant forms in the future. George's industry—cable television—did not exist in the 1800s. HBO has been around for about twenty-five years.

Many of these industries that are involved in information exploitation are really new. That does not mean that book publishers did not exist, but methods of dissemination and exploitation of information have changed.

Let me just make three or four points. The first point is that a relationship has always existed between contract law and property, as the noted scholar, Karl Llewellyn, observed back in the 1930s. He considered horses to be crucial to the property system prior to the 1900s, but he also discussed a transition from a horse-based, or farm-based, economy to what was then an industrial economy producing wares.¹⁷

His point was that, when you make a transition from the way business is done, you need to adjust the images that you use in terms of developing commercial and other types of contract law. The warranties that apply to the sale of a horse are and were very different from the warranties that might apply to the sale of a toaster. The resulting contracts are and should be equally different.

For example, in comparing the sale of a toaster to the sale of a book, or the licensing of information per se, one of the activities that is going on is essentially developing images of the economy, and how contract law fits that image.

Contract law plays a background role in its relationships with both property and transactions. Typically, contract law has not reg-

¹⁷ See K.N. Llewellyn, *The First Struggle to Unhorse Sales*, 52 HARV. L. REV. 873 (1939) (discussing the long historical struggle for clear analytical tools and concepts adapted to commercial needs).

ulated anything. However, in the consumer environment, Article 2B preserves many regulations.¹⁸ In other kinds of transactions, contract law basically provides background rules that people can rely on just in case their agreements do not match the specific issue with the specific transactions.

A second point is basically that the premise of Article 2B—the thrust of the entire act—is essentially that contracts can be formed and contain the terms that the parties and the market economy allow to be included.¹⁹

A third point deals with the question of breadth. Article 2B initially focused on the software and database industry. We have returned to that original focus. The question, though, in explaining the scope of Article 2B and the extent to which it does and does not apply, needs to be carefully understood. It is false to think that if Article 2B never comes into existence, no law will govern information licensing. It is not the case that no law will govern licensing of software, nor that no law will govern the cable systems, cable television, and broadcast systems.

Considering each body of commerce, and all the others we are discussing today, contract law already exists. About six weeks ago, there was a decision in the Third Circuit discussing that, for purposes of tax law, cable television is to be treated as a service contract.²⁰ This service contract is essentially equivalent to the contract that we sign as lawyers when we agree to the representation of a client.

It is questionable whether that is an appropriate approach, but that indicates one body of law that could apply to information transfers. What are the other ones? One is Article 2 of the U.C.C., which currently applies to probably fifty percent of the software on the marketplace and contains contract formation rules designed for the sale and disposition of toasters, bicycles, and cars.²¹ Another is Article 2A, which is designed for the heavy equipment leasing industry, and likely applies to almost all licenses in at least one form or another.²² Thus, the issue regarding Article 2B is basically which body of law would one apply, and to what extent should it be a tailored body of law.

A fourth point is that Article 2B originated in response to

¹⁸ See U.C.C. § 2B-104 (Proposed Draft Aug. 1998).

¹⁹ See *Preface* to U.C.C. art. 2B (Proposed Draft Aug. 1998).

²⁰ See *Bell Atlantic Corp. v. United States*, 1998 WL 848122 (E.D. Pa. 1998), at *5.

²¹ See U.C.C. art. 2 (Proposed Revised Draft July 1997) available at <http://www.law.upenn.edu/bll/ulc/ulc_frame.htm>.

²² See U.C.C. art. 2A (1998).

some of the controversial questions that we are concerned about, and on which we actually have more common ground than we admit, via an attempt to adopt traditional contract theory and apply it to the contracts that occur today.

For example, one of the aggressively disputed issues is the question of the enforceability of standard form contracts, either in the shrinkwrap context or another context.²³ Article 2B's provisions actually push the envelope a little bit, but fundamentally follow the *Restatement (Second) of Contracts*, stating that if you objectively manifest assent to the contract terms, then you are bound by that contract.²⁴ Following that rule, Article 2B winds up enforcing almost all standard form contracts, subject to some contract term limitations.²⁵

Finally, let me discuss another aspect of Article 2B and its specifics. Although you will hear negative opinions about the specifics from the other end of the floor, Article 2B actually contains a number of fairly innovative pieces. Some pieces are extensively fraught with opinions on various sides of the issues, so let me just mention a couple of them.

Article 2B, for the first time in any statute of which I am aware, provides that a court has the right to invalidate a contract term if the court finds that the term violates fundamental public policy.²⁶ This is an attempt to balance between contract as fundamental policy, free speech as fundamental policy, fair use, and some of the other intellectual property rights issues.

You should recognize that this is a new provision, which is not in existence under current law—although in most states the common law would allow a court, under some circumstances, to invalidate some forms of contracts.²⁷ Article 2B also puts extensive restrictions on electronic self-help.²⁸ I am not going to explore the details of these, but a comparison may be useful.

The Digital Millennium Copyright Act²⁹ contains some provi-

²³ See, e.g., *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447, 1448 (7th Cir. 1996) (holding that, unless unconscionable, shrinkwrap licenses are binding); see also Jason Kuchmay, *ProCD, Inc. v. Zeidenberg: Section 301 Copyright Preemption of Shrinkwrap Licenses—A Real Bargain for Consumers?*, 29 U. TOL. L. REV. 117 (1997) (arguing that shrinkwrap licenses are better viewed more narrowly as “attempted modifications of existing” contracts in contrast to the broad acceptance by the Seventh Circuit in *ProCD*).

²⁴ See RESTATEMENT (SECOND) OF CONTRACTS § 18-23 (1981).

²⁵ See U.C.C. § 2B-208 (Proposed Draft Aug. 1998).

²⁶ See *id.* § 2B-105(b).

²⁷ See *id.* at Reporter's Notes (3).

²⁸ *Id.* § 2B-716 (dealing with electronic self-help).

²⁹ Digital Millennium Copyright Act § 1201(a), (b), Pub. L. No. 101-305, 112 Stat. 2860 (1998).

sions—which many of us think were unfortunate—which place safeguards or umbrellas over so-called copyright technological restrictions that basically control access to copyrighted works. Those provisions are technological licensing provisions. That is, instead of having a contractual license, you build the license in by technology. Under contract law, Article 2B restricts the use of such technological licenses, at least in the situation where you're using them to essentially enforce breach or rights on breach.

Finally, Article 2B also has many provisions for dealing with electronic contracting and the Internet, which encompasses several billions of dollars.³⁰ I am not going to explore those in detail, but they formed a model for two other uniform laws.³¹ The ultimate effect of Article 2B, which is also being revised, would be to tailor contract law, as opposed to creating contract law. Thus, one current issue is whether we conduct proper tailoring. However, the real issues are whether we address the question of the new economy with its new value format, how value is transferred within that economy, and whether or not we can relate it to a contractual regime.

GEORGE COOKE

I do this with some trepidation, having heard the credentials of those who join me on the panel. I was also in the Boy Scouts. I was a star scout. And I think I will probably bring a different perspective to the discussion than most of the panel members, except perhaps, for Bob Gomulkiewicz. My brief remarks will reveal that I am not an academic, but rather a practitioner.

I have been doing transactional work in the motion picture business for the past fifteen years, quite happily, working within the various bodies of law that Ray Nimmer mentioned. About a year and a half ago, the first draft of Article 2B arrived on my desk.

I took a few minutes—actually, a few days—to read it, and I have been scared ever since. I would like to share the basis of my fears, as briefly as I can, and then make some brief suggestions about where we might go with this.

I have divided my fears into three categories representing the

³⁰ See U.C.C. §§ 2B-113 to -120 (dealing with electronic contracting).

³¹ See UNIFORM ELECTRONIC TRANSACTIONS ACT ("UETA") (1999) (model act establishing "the legal equivalence of electronic records and signatures with paper writings and manually-signed signatures"), available at <<http://www.law.upenn.edu/bll/ulc/fnact99/1990s/ueta99.htm>>; The Electronic Signatures in Global and National Commerce Act ("E-SIGN") (federal statute prohibiting a signature, contract or record in interstate commerce from being denied validity because it is in electronic form), Pub. L. No. 106-229 (2000).

three areas that practitioners should be concerned about with respect to Article 2B. The first deals with the new realms of uncertainties and how you conduct your practice and advise your clients. The second has to do with some of the rules within Article 2B that may differ from what you have anticipated, and which may surprise you. Finally, the third deals with the practical cost of doing business with the information industry that Article 2B will exact. In order to get a handle on the nature of the problems, I think it is helpful to think about the origins of Article 2B.

I certainly was not there at the creation, but it seems that it was drafted in response to needs that were perceived within segments of the information industry. The first widely recognized need in the pre-*ProCD*³² world was the enforceability of shrinkwrap and clickwrap licensing. The second dealt with applying certain Article 2 warranty provisions to software.³³ The notion, as Ray articulately stated in the notes to Article 2B, was that software will inevitably have errors, so you cannot apply a widget-based set of warranties to software. The third impetus for Article 2B came from the database industry concern that copyright cannot protect certain kinds of information and certain kinds of computer programs that you could reverse engineer under current law.³⁴

How does Article 2B address these concerns? Generally speaking, it addresses them in a couple of ways. First, it implements an aggressive set of formation rules. Basically, if you open it, download it, take it home, and open the cover; then you are bound by what is inside.³⁵ Article 2B dilutes traditional warranties and the limitations on traditional remedies—specifically those dealing with merchantability, published information content, and the availability of consequential damages for informational content.

Interestingly, Article 2B also imposes a regime of Contractual Use Restrictions, which are contractual limitations upon the use of information that are not necessarily connected to an otherwise existing underlying property right.³⁶ They are use restrictions based upon contract, rather than copyright, patent, or trade secret.

Finally, Article 2B transposes many Article 2 sale of goods rules into the information licensing regime. Article 2B is ultimately de-

³² *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996).

³³ See U.C.C. §§ 2B-401 to -409 (Proposed Draft Aug. 1998).

³⁴ See *id.* § 2B-309.

³⁵ See *id.* § 2B-201 to -206.

³⁶ See *id.* § 2B-102(13) (defining “contractual use restriction” as “an enforceable restriction created by contract on use of licensed information or informational rights, including an obligation of nondisclosure and confidentiality and a limitation on scope, manner, or location of use”).

signed to implement certain kinds of paradigmatic transactions—my own scholarly word coming from my experience with Latin. The paradigm for Article 2B, making its purpose easier to understand, is the nonnegotiated mass market license that restricts use and disclaims warranties, which is evident when you open some software.

What is the central problem of Article 2B? It is a mismatch between this paradigmatic transaction and what the rest of us in the information world have been doing for the past 25 or 75 or 150 or 300 years. The rules of Article 2B, I would submit, do not work well in information industries outside of software, nor do they work well in a transaction between a publisher and a distributor, as opposed to a situation between a publisher and an end user.

There are some specific problem areas. I know that Ray Nimmer will appreciate this first one, because he struggled with it year in and year out. The first problem is the scope of Article 2B. It began with computer transactions, and had a brief and violent flourishing to cover all information. I think Ray still believes it should remain there.

Moreover, it has recently evolved into a new set of definitions, which I have included in the available package either for your amusement, consternation, or benefit. When we talk about these briefly, you can see the first source of my concern about advising clients about this Act. Presently, the scope of the transaction includes computer information transactions—which is a very general term. Then it sets forth exclusions for adjacent kinds of transactions.

The first of these exclusions deals with embedded software. If you buy a toaster that is smart, is it under Article 2B or is it under Article 2? Article 2B presently uses a material purpose test: unless the material purpose of your purchase of the appliance is to access the computer software, it is under Article 2 and not under Article 2B.³⁷ But if one of the material purposes is to access the software, I presume you're under both. Is that right?

I have a concern—which is not really an HBO concern, but a concern nonetheless for those who advise electronics and appliance operators—that this is an eight-track cassette recorder problem. Article 2B has been designed to address issues at an interim stage in the dissemination and the use of computer software.

Article 2B essentially lives in a world in which someone has a PC, buys software for it, and then inserts the disc into—or, in the

³⁷ See *id.* § 2B-104(3)(c).

alternative, downloads software from the Internet onto that PC. I think the distinctions in the scope section between software and appliance will be extremely difficult to apply in the future. This reminds me of a *New York Times* article that I read two Sundays ago about the conflict between the Microsoft and the Sony model for both appliances and intelligent machines.³⁸ The essence of that article was that Sony is currently committed to making all of their appliances networkable, intelligent, and integrated, so that in the future you will no longer have a PC in your home. Rather, you will have some form of a “set-top box” operating all of the necessary appliances.³⁹ I would submit that it will become very hard in the future to buy an appliance of any significance—or certainly, at least, an appliance that has anything to do with information—a material purpose of which is not access to a computer program.

The next topics I will discuss, which get right to the heart of why HBO is relevant to this conversation, are exclusions from the scope that relate to two areas. The first deals with audio or visual programming that is provided by broadcast, satellite, or cable as defined in the Federal Communications Act or by similar methods that deliver such programming.⁴⁰

This was a provision in the scope that was designed to exclude us (HBO) by removing traditional media distribution from the range of Article 2B. However, the problem with this exclusion is apparent in the recent amendment of the Federal Communications Act, in which the definition of cable services,⁴¹ (which is likely the only definition that really addresses cable) clearly includes any kind of Internet delivery via cable modem or any portion of a cable system, like that of AT&T@Home or Roadrunner. Recent mergers in the cable industry, such as AT&T buying into the cable industry, have been in the news lately,⁴² and I think you can expect a further increase in the very near future. A substantial portion, if not a majority, of Internet availability will come through a cable line.

On its face, the exclusion of the cable networks from the range of Article 2B means that if you use the Internet to get information via the cable system, Article 2B does not apply, whereas if

³⁸ See John Markoff, *Fight of the (Next) Century: Conveying Technologies Put Sony and Microsoft on a Collision Course*, N.Y. TIMES, Mar. 7, 1999, § 3, at 1.

³⁹ See *id.*

⁴⁰ See U.C.C. §§ 2B-104(6), 2B-103 (Proposed Draft Aug. 1998) (defining motion picture).

⁴¹ See 47 U.S.C. 522(6)(1994) (defining cable services).

⁴² See, e.g., Stephen Labaton, *AT&T Passes Hurdle in Plan to Buy TCI*, N.Y. TIMES, Dec. 31, 1998, at C5.

you do it through a telephone modem, Article 2B does apply. That is going to create some problems.

The next area of exclusions I would like to briefly discuss relates to my industry: it is the exclusion of the motion picture industry. Motion pictures are excluded by an allusion to the definition of a motion picture in the Copyright Act.⁴³ I am sure most of you are more sophisticated copyright practitioners than I am, but if you take a look at that definition, as well as the House report on the language that is in the Act, you notice that a motion picture is essentially any series of images capable of conveying motion.⁴⁴ So again, we have Article 2B provisions that presumably would cover any aspect of software that generates or transports any moving images. This creates problems for the practitioner trying to figure out whether a situation is included under Article 2B or under the existing realm of copyright law.

I will discuss some practical concerns and then I will move on, as I know I am taking a fair amount of time here. Why am I concerned as a practitioner about Article 2B?

The first reason I am concerned is that the nature of the transactions that I work on tends to be complex, long in gestation, and undertaken during periods in which the parties to the transaction are engaged in continuing performance under parallel or proposed relationships.

HBO receives literally hundreds of screening copies of motion pictures, script proposals, advertising copies, and computer programs that we view during the course of a month or a year. We negotiate with people and attempt to reach complex agreements about these screening copies. As the person responsible for advising clients, I am concerned about being able to tell my clients when they have got a deal.

One of the central aspects of the Article 2B formation sections is that conduct is the key to when contract formation occurs. Conduct that creates an agreement can occur through the receipt of and access to information. It will be hard to decide when the receipt of information is sufficient to constitute enough conduct to cause formation. I am concerned, because the set of default rules in Article 2B differs from the rules that I consider when I get

⁴³ See U.C.C. § 2B-104(2)(B) (defining motion picture) ("This article does not apply to . . . a motion picture . . . as defined in the Federal Copyright Act . . .") (Proposed Draft Feb. 1, 1999), available at <http://www.law.upenn.edu/bll/ulc/ulc_frame.htm>.

⁴⁴ See 17 U.S.C. §101 (1999) (defining motion picture) ("Motion pictures are audiovisual works consisting of a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.").

signed papers. I just alluded very briefly to the fact that there is a very aggressive section in Article 2B that involves authentication, which essentially allows for and enables quick wrap and shrinkwrap licensing.⁴⁵

There are also provisions in Article 2B that address how to interpret a contract. Very quickly, Article 2B disposes with the mirror image rule, so that you no longer have to agree on material terms to create a contract.⁴⁶ It reassesses the battle of the forms, as well as other sets of issues, by inclusion of shrinkwrap licensing, so that if you have access to information, you may be bound by the shrinkwrap license.⁴⁷ It is characterized by a tremendous amount of uncertainty because of copyright preemption issues. It includes—and I think this is a minus—an impermissible term provision that interjects into information licensing law a whole new set of quasi unconscionability rules that differs from the rules that are set forth in the *Restatement (Second)* in section 178.⁴⁸ Frankly, it is an indeterminable range, since these new rules are there to protect users against the aggressive formation rules.

Finally, I am very concerned about how warranties and remedies are handled in Article 2B. I will cite one particular instance that haunts me. If you read through Article 2B, which most practitioners will have to do, you will discover that the definition of consequential damages includes any damages arising from a breach of warranty.

Section 2B-102(11) defines consequential damages to include losses from injury proximately resulting from any breach of warranty.⁴⁹ So, you have a definition that consequential damages arise from a breach of warranty. Then there is a separate provision, section 2B-707(b)(1), which says that unless your contract expressly provides for the ability to receive consequential damages with regard to the content of published informational content (any type of generally distributed information), you have no right to consequential damages.⁵⁰

What that means to me, as a licensee of motion pictures, is that unless my contracts specifically say that I am entitled to consequential damages relating to the content I am licensing, I have no

⁴⁵ See *id.* §§ 2B-203(b)(1)(b)(i)-(iii).

⁴⁶ See *id.* §§ 2B-203, 2B-209.

⁴⁷ See *id.* § 2B-209.

⁴⁸ Compare RESTATEMENT (SECOND) OF CONTRACTS § 178 (1979), with U.C.C. § 2B-110.

⁴⁹ See U.C.C. § 2B-102(11) (Proposed Revised Draft Feb. 1999).

⁵⁰ See *id.* § 2B-707(b)(1).

remedy for a breach of warranties as to third-party claims for infringement or violation of personal rights.

It is very difficult in negotiating any kind of a movie contract to get the other side to specifically take responsibility for consequential damages. Under Article 2B, I can walk you through the language where I am deprived of that remedy. There are also other aspects that concern me.

Let me now turn toward what I think the costs will be for practitioners; they are severalfold. Primarily, there are going to be increased transactional costs in preventing premature formation (this is a problem that some of us have), thereby requiring thought as to how Article 2B will create an incentive to live without a final writing. More importantly, it will create an incentive on the part of licensors to avoid a final writing, because the default rules in Article 2B are very "licensor friendly."

Next, it is going to be much more difficult for me to control apparent authority within my company vis-à-vis electronic contracting. Finally, my business negotiations will be disrupted, and the normal course of my operations will be undermined by the fact that I am going to be forced to pay extremely close attention to any kind of communications between a licensor and myself involving the delivery of information in a possible shrinkwrap formation or acceptance of terms.

Problems exist because one of the aspects of Article 2B is the notion that if you waive a right to inspect information, or you refuse to inspect information, you consequently waive remedies as to its content vis-à-vis faults that you would have noticed had you inspected it. At the same time, if you accept the information and look at it, you may have engaged in conduct sufficient to form a contract at a time when you do not want to be bound by the default rules, but you do want to reach a final writing.⁵¹

In the end, where do I come out? I live in a world that has practiced happily under copyright and contract law in the absence of Article 2B. I did not ask for it. After a year and a half, I am still not sure if I clearly understand it. I do know that if it becomes implemented, and it looks like it will, I will have an abundance of work to do with the lawyers on my staff and with my clients. I do not think it will make doing business any easier for me.

Again, Article 2B is not a regime of contract formation designed for complex intradistribution transactions. It is really de-

⁵¹ See *id.*

signed for a software publisher to bind an end user to a set of nonnegotiated terms.

JUSTIN HUGHES

Okay, we are going to switch gears and discuss the federal database legislation.⁵² To make George Cooke feel better, I will say that I never got through the Cub Scouts, but that was the 1960s, and rebellion was fashionable, even in the Midwest.

I am the one person on the panel from the government. We like to deal with the lowest common denominator, so I will pretend that you are not sophisticated and I will touch upon what has been happening.

As most of you know, the *Feist* decision essentially put to rest the "sweat of the brow" doctrine and effectively denuded any legal protection for compilations of data that are the result of the substantial investment of time, energy, and money, but which do not have or do not manifest any creativity or originality.⁵³

Following the *Feist* decision, a few decisions in the United States have been quite troubling, where commercial databases, resulting from someone's substantial investment, have been taken in their entirety and reintroduced into commerce either for profit purposes or reintroduced into commerce in a *La Macchia* situation.⁵⁴ That gave rise to a clamor among database producers for United States protection separate from copyright law. It also caused a clamor that prompted attention in Europe. In 1996, the European Union passed a database directive, effective at the beginning of this year, requiring all the member states of the European

⁵² See H.R. 354, 106th Cong. (1999).

⁵³ *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 358-64 (1991) (explaining that many databases will be unprotected by copyright, including the telephone directory at issue in the case).

⁵⁴ The best known of these is *Warren Publishing v. Microdos Data Corp.*, 115 F.3d 1509 (11th Cir. 1997) (en banc), cert. denied 118 S. Ct. 197 (1997). Another is *ProCD v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996). There have also been cases in other countries, notably Korea and Spain.

A *La Macchia* situation refers to *United States v. La Macchia*, 871 F. Supp 535 (D. Mass. 1994), in which the United States could not bring criminal charges against an MIT student, Mr. La Macchia, who had uploaded several commercial software packages onto his website and invited people to copy them, because the copyright statute then in effect required that the infringer have a commercial motive in order to be susceptible to criminal liability. The drafters of the 1976 copyright law had simply not imagined that someone who would engage in piracy with enormous economic damages would be doing it "for fun." This aspect of the copyright law was amended by the No Electronic Theft ("NET") Act, signed into law on December 16, 1997, which broadened the definition of "financial gain" and defined a misdemeanor as "an offense in which an individual reproduces or distributes one or more copies or phonorecords of one or more copyrighted works with total retail value of more than \$1,000." No Electronic Theft Act, Pub. L. No. 105-147, Dec. 16, 1997, 111 Stat. 2678.

Union to provide some form of *sui generis* protection for non-original databases.⁵⁵

Now this is something the European Union promulgated, and most of the member states now have laws on their books protecting non-original databases, giving them a *sui generis* form of intellectual property protection. However, this European *sui generis* approach launched a considerable controversy in the United States, beginning in 1996 and continuing until 1998. It soon became clear that an American *sui generis* approach would not be politically viable. Without the aid of copyright protection, those concerned would have to seek something other than *sui generis* protection for databases.

The misappropriation approach is now fashionable in Washington. In 1998, H.R. 2652 was introduced to protect non-original databases through a misappropriation framework.⁵⁶ What I am going to describe to you is what I call the basic prohibition. Every proposal to protect non-original databases has some basic prohibition describing the acts that trigger legal liability.

I do not have this bill handy, but I actually dream about it. So I can tell you that the basic prohibition in H.R. 2652 states that the extraction or use of all or a substantial part of a database, measured quantitatively or qualitatively, that causes harm to the database owner's actual or potential market, triggers liability.⁵⁷

Now I said that very slowly compared to everything else I have said to you so far, because every word in that basic prohibition has been a point of struggle. What does "extraction" or "use" mean? What is "all or a substantial part of a database"? "Measured quantitatively or qualitatively"—what does it mean to talk about a qualitatively substantial part of a database that would be quantitatively insubstantial? "Causing harm"—what is the necessary level of harm? And what do we mean by "actual or potential markets"?

⁵⁵ See Council Directive 96/9 of 11 March 1996 On the Legal Protection of Databases, 1990 O.J. (L 77) 20.

⁵⁶ H.R. 2652, 105th Cong. § 1202 (1998).

⁵⁷ The statute reads, in relevant part:

Any person who extracts, or uses in commerce, all or a substantial part, measured either qualitatively or quantitatively, of a collection of information, gathered, organized or maintained by another person through the investment of substantial monetary or other resources, so as to cause harm to the actual or potential market of that person, or a successor in interest of that other person, for a product or service that incorporates that collection of information and is offered or intended to be offered for sale or otherwise in commerce by that other person, or a successor in interest of that person, shall be liable to that person or a successor in interest for the remedies set forth in section 1206.

Id.

Every element of this basic prohibition has been a very interesting intellectual battleground.

H.R. 2652, with this type of basic prohibition and limited exceptions, passed twice in the House of Representatives in 1998.⁵⁸ In late summer, the House of Representatives attached H.R. 2652 to the WIPO implementation legislation, which we now fondly call the Digital Millennium Copyright Act.⁵⁹ I imagine most of you have taken a little look at the Digital Millennium Copyright Act. You would probably all agree that this piece of legislation is unencumbered by clarity. H.R. 2652, which was to be title 5 of the Act, only further increased its labyrinth-like proportions.

Once the House of Representatives made this attachment, the Senate Judiciary Committee led a series of intense negotiations. Then the Administration intervened, essentially with its own position on what database legislation should look like, and we participated to some degree in the ongoing discussions.

There was a series of drafts, with the database producers on one side, as Marci Hamilton said earlier; on the other side were the research libraries, the scientific research community, university users, and also some commercial companies who are concerned about downstream uses of data. The series of drafts that was produced in September and October became increasingly complex. It was a bit like a Ptolemaic astronomer creating epicycles to make things work. Ultimately the bill, or rather that part of the legislation, was dropped from the Digital Millennium Copyright Act.

At the time, Senator Hatch promised Howard Coble, Chairman of the Courts and Intellectual Property Subcommittee of the House Judiciary Committee, that the Senate would pick up database protection legislation early in the next Congress.

Since then, Chairman Coble has reintroduced the text of H.R. 2652, now known as H.R. 354, in the House of Representatives, 106th Congress.⁶⁰ Orrin Hatch has done something quite unusual in Washington: he put into the Congressional Record three different database protection proposals to the Senate.⁶¹ These three proposals are: (1) the last draft from Senator Hatch's committee staff's work; (2) Chairman Coble's version; and (3) a minimalist version, which is a proposal by some commercial companies—also

⁵⁸ H.R. 2652 was passed on May 14 and May 20, 1998.

⁵⁹ Pub. L. No. 105304, 112 Stat. 2863 (1998) (signed by the President on Oct. 28, 1998).

⁶⁰ See H.R. 354, 106th Cong. (1999) (reintroduced on Jan. 19, 1999).

⁶¹ See 145 CONG. REC. S316 (daily ed. Jan. 19, 1999) (statement of Sen. Hatch).

called the commercial skeptics, since they use data downstream and thus want to limit the upstream people's rights.

To recap, Senator Hatch put these three proposals into the Congressional Record; Chairman Coble reintroduced H.R. 2652 as H.R. 354; and last week the House Subcommittee on Intellectual Property had a hearing on H.R. 354.⁶² It was actually quite an interesting but lengthy hearing. It lasted between three and four hours. Most of these Congressional hearings are so dull and boring that you want people to hold hands and see if they can make contact with the living. However, this particular one had a lot of activity and was quite interesting.

The Administration weighed in as the 300-pound gorilla, because we issued a fifty-page statement and analysis of this bill. This analysis is online at <www.uspto.gov>, and it's called the Pincus Testimony—so named for Andrew Pincus, who is the general counsel for the Department of Commerce.⁶³

We have been identified by the *New York Times Cyber Times* as opponents of the bill.⁶⁴ That was a bit of a surprise to us because, as you would expect from the Clinton Administration, we tried to go right down the middle. We have tried to put a plague on everyone's house, disapproving every version proposed, and we are very critical of the present text of H.R. 354. We think that the basic prohibition is unnecessarily, and disturbingly, broad.⁶⁵ We also think that a prohibition on data use has a troubling breadth and ambiguity.

We think that the fair use provisions can be substantially streamlined and thereby improved.⁶⁶ We have a number of places where we think that the bill could be narrowed to what some peo-

⁶² 145 Cong. Rec. Dig. D306, Mar. 18, 1999.

⁶³ *The Administration Statement before the Subcommittee on Courts and Intellectual Property, Committee on the Judiciary, U.S. House of Representatives, concerning H.R. 354, the "Collections of the Information Antipiracy Act,"* March 18, 1999, available at <<http://www.ogc.doc.gov/ogc/legreg/testimon/106f/pincus0318.htm>> [hereinafter *Administration March 1999 Statement*].

⁶⁴ See, e.g., Jeri Clausing, Government and the Internet Got Acquainted in 1998, *NEW YORK TIMES (CYBER TIMES)* Dec. 28, 1998, available at <<http://www.nytimes.com/library/tech/98/12/cyber/articles/28congress.html>>.

⁶⁵ Subsequent to the forum, Congressman Tom Bliley, Chairman of the House Commerce Committee, introduced H.R. 1858, the *Consumer and Investor Access to Information Act of 1999*, similar to the "minimalist" proposal that Senator Hatch had earlier introduced into the *Congressional Record*, see *supra* note 61. In June, 1999, a hearing on H.R. 1858 was held, and the Administration provided testimony with its criticisms of that proposal. See *Administration Statement before the Subcommittee on Telecommunications, Trade, and Consumer Protection, Committee on Commerce, U.S. House of Representatives, Concerning H.R. 1858, the "Consumer and Investor Access to Information Act of 1999,"* June 15, 1999, available at <<http://www.ogc.doc.gov/ogc/legreg/testimon/106f/pincus0615.htm>>.

⁶⁶ See *id.* Part IV.E. (discussing H.R. 1858, 106th Cong. § 103 (1999) ("Permitted Acts")).

ple call a smaller footprint, and still correct the disincentive for the investment in databases, which we perceive happened following the *Feist* decision.

Stepping forward from our general paralysis in 1997 and early 1998, we now favor some form of database protection legislation.⁶⁷ Having said most of this, you now should imagine a sign hanging over my head that says, “The views expressed by Justin are his own and do not necessarily represent those of the United States government.” Nevertheless, it is a very interesting debate. I believe that we will inevitably have some form of database legislation.

Allow me one more minute to present one final spin. I believe, and I think the Administration also believes, that we need database legislation for another reason. That reason is that the Europeans already have a directive in place that is being implemented in fifteen European countries;⁶⁸ and at the World Intellectual Property Organization, this issue of database protection is a standing issue of discussion.⁶⁹ We, as the United States, have simply said, “No, we are not ready to discuss it.” While that works temporarily when you’re the United States, it doesn’t work forever.

Soon we will need a positive model to contrast with what the Europeans have done if we want to shape the agenda internationally in this discussion. I also think that most of us—practically all of us in the United States, with the exception of a handful of database producers—think that the European directive is not the best approach. Therefore, I am hopeful that we will have a more formulated positive agenda for the United States, enabling us to negotiate from a stronger position internationally.⁷⁰

⁶⁷ In August, 1998, the Administration offered its first extended recommendations on the database protection issue since 1996, in the form of a letter from the Department of Commerce General Counsel to the Senate Judiciary Committee (Aug. 4, 1998) (on file with the *Cardozo Arts & Entertainment Law Journal*).

⁶⁸ See *supra* note 55 and accompanying text.

⁶⁹ In 1999, the WIPO held a series of six “regional consultations” on database protection issues. Although the United States was not present at all of the consultations, Mr. Hughes presented the Administration’s views on database protection at regional consultations for the Caribbean and Latin American countries (Buenos Aires, June 1999), as well as for the newly independent states of the former Soviet Union (Minsk, April 1999).

⁷⁰ Subsequent to this panel discussion, both H.R. 354 and H.R. 1858 were passed by their respective committees in the House. See 106 CONG. REC. H9076 (reporting H.R. 354 and H.R. 1858 to the House) (daily ed. Sept. 30, 1999) (statement of Rep. Coble). H.R. 354 was substantially amended to address concerns of the Administration and, at the end of 1999, a new “discussion draft”—produced by the House Courts and Intellectual Property Subcommittee staff—was widely circulated in Washington that would further address concerns raised in the *Administration March 1999 Statement*, *supra* note 63. But as of this printing, neither bill has been brought to a vote on the House floor.

ROBERT GOMULCIEWICZ

I agree with George Cooke. I feel a bit like a fish out of water being a practitioner here among distinguished academics. I also feel like a fish out of water for another reason. I am not accustomed to being around so many people in suits and ties and business attire. At Microsoft, most people wear t-shirts, Dockers, and flip-flops, and if they are clean, they are considered dressed up. So this is unusual, and takes me back to my law firm days.

I would like to talk about three topics. I want to talk a little about mass-market licenses, which have been a focal point for the Article 2B project, and comment on why they are important to the software industry. The second thing I would like to talk about is the multitude of other license agreements that Article 2B would touch. These licenses are fundamental to the software business. These licenses allow software companies to build products, to provide solutions to customers, and to deliver software to customers. I will also comment on how I think Article 2B ought to approach these kinds of important licenses.

If I have time, I will spend a couple of minutes giving a concise history of the software industry's participation in the Article 2B project—the industry has moved from being basically a conscientious objector, to a skeptical and reluctant participant, to an observer of the promise of what a Article 2B “done right” might hold for software and information licensing. So this is a slightly different view, perhaps, than George Cooke brings to Article 2B.

I should also start off by saying that these views are my own, not those of Microsoft or Business Software Alliance—unless I say something really well and then maybe they would want to adopt them. I should also mention that my views are from the standpoint of a software licensing practitioner who dabbles just a little in academia.

Let us talk about mass-market licenses. In 1993, I read an article in a leading computer law publication that argued that the usefulness of mass-market end user licensing for software had come to an end.⁷¹ It argued that the background rules of intellectual property were sufficient for providing software to end users.⁷²

I have to say that this argument surprised me. I had observed the exact opposite phenomenon in the software industry. In fact,

⁷¹ See Gary W. Hamilton & Jeffrey C. Hood, *The Shrink-wrap License—Is It Really Necessary?*, 10 No. 8 COMPUTER LAW. 16 (Aug. 1993).

⁷² See *id.*

what I was seeing was a renaissance in mass-market licensing. I will explain why I thought so in one minute.

Before I describe this view, I should observe that even in 1993, mass market licensing for software was not a new thing. Even at that time, mass-market licenses were more useful and diverse than most commentators give them credit for.⁷³ I will just tick through some obvious illustrations.

Licenses for word processors typically allowed users to make extra copies for home or laptop use. Licenses for desktop publishing products often authorized the creation of derivative works of photos, pictures, and text that came with those products. Licenses for software tools often allowed the distribution of software modules with different products created using the tool.

In addition, software publishers typically provided warranties that were better than a user might get under the implied warranty of merchantability.⁷⁴ Maybe the warranties were not as good as some people would like, but a typical warranty in a software license was certainly better than the feeble implied warranty of merchantability.

Let me discuss three developments in the software industry that led to a renaissance in mass-market licensing. The first is the emergence of those neat interactive multimedia products that so many companies are producing. Microsoft's Encarta is one example.

Why do I say that interactive multimedia products led to the renaissance? Well, for at least two reasons. One, when you are creating a multimedia product, you're acquiring content from lots of different sources, and many times you cannot get the same rights from every content provider. Consequently, your downstream license, the license to the end user, has to reflect the rights that the content provider gave to you.

The second reason is that the more media you put in your product, the more licensing choices you have, since more copyrights are implicated. There are also more uses for the products. Let me give you an example. Microsoft makes a product called 3D Movie Maker, which allows you to create nifty little movies on your desktop. Rather than start from a blank slate, Microsoft provides you with all sorts of interesting things like clips, samples, scripts, texts, pictures, and photos.

⁷³ See Robert W. Gomulkiewicz & Mary L. Williamson, *A Brief Defense of Mass Software License Agreements*, 22 RUTGERS COMPUTER & TECH L.J. 335 (1996).

⁷⁴ See U.C.C. § 2B-403 (Proposed Draft Aug. 1998) ("Implied Warranty: Merchantability of Computer Program").

To license that product to a user you have to discuss copyright concepts like derivative works, copying, public performance, and perhaps public display.⁷⁵ This is one of the developments in the software industry that led to a renaissance in end user licensing.

The second development is the emergence of client-server computing. In the past, many terminals that were connected to a mainframe were required for most of the big computing jobs. Nowadays, you can take a low cost personal computer, or you can network a few personal computers, install good server software, and provide the same computing power as those old mainframes did. That is a great thing for an end user, but the transaction model that you must describe in the end user license is a lot more complex than the normal license for a word processor. Because software companies like Microsoft, Novell, and Sun were trying to get these client-server products into the mass market, they used the same licensing vehicle (a mass-market license), but because the business model was more complex, the end user license was also more complex.

The third reason for this renaissance in mass-market licensing is the emergence of the Internet and the World Wide Web. The Internet provides a way to inexpensively and widely distribute and license software and information products. The Internet has increased the number of products that are available, as well as the diversity of products, everything from little applications that would run in a browser to Web 'zines.

The Internet also allows people to experiment with different license models. People can license software for an hour, or they license a game for free for the first level of use, but then charge a fee for more complex levels of use, and so on.

There is a fourth development going on right now that should serve to remind us that the renaissance is not abating. Many of you have heard of something called the "open source" movement.⁷⁶ We are in the midst of what some people call the "open source" software, or the free software revolution. Software licensed on this licensing model, in case you did not know, forms the basis for a lot of the infrastructure of the Internet. For instance, many websites are running a free software product called Apache.

Apache runs on top of a free operating system called Linux,

⁷⁵ See 17 U.S.C. § 101 (1999) (defining "copies," "derivative works," and "publicly").

⁷⁶ See Robert W. Gomulkiewicz, *How Copy Left Uses License Rights to Succeed in the Open Source Software Revolution and the Implications for Article 2B*, 36 HOUSTON L. REV. 179 (1999) (describing the history and emergence of the "open source" movement).

and the e-mail that you might send to that website is probably being routed by a free software product called SendMail.

What is this "open source" phenomenon? Well, in the open source software model, you have a bunch of licensors who are self-described hackers, and who believe that the source code for software should be licensed openly for everybody to look at and use. These licensors believe that everybody should have rights to make derivative works of that source code. They also believe that everybody should have the right to distribute that code freely. Finally, they believe that everybody down the chain of distribution should get those rights. The way they enforce that model is by mass-market licensing. They rely on nonnegotiated, standard form, mass-market licenses that are formed over the Internet by conduct. So, the renaissance goes on.

To recap, who is participating in this mass-market licensing renaissance? Well, everyone from Silicon Alley publishers of new media products, to hackers from Silicon Valley who license free software products; from The Consumers Union to Computer Associates; from the University of California at Berkeley to Berkeley Systems; and from Win Pro to Ziff Davis Publishing. Every software and information company is participating.

Why is it important? Why are people using this mass-market license mechanism? Well, it enables mass distribution of software, which in turn allows people to get sophisticated, expensive-to-create products, at very low prices. It also allows software publishers to provide various packages of rights to people at various price points.⁷⁷

So mass-market licenses are fundamental to the software industry. What is the implication for Article 2B? It seems obvious. In order to promote commerce in the software industry, Article 2B must uphold the enforceability of mass-market licensing. The drafters of Article 2B in their current draft have done this, and have also provided rules to ensure that the mass-market contract formation process operates in a manner that's fair to end users.

Even though the mass-market licensing has been the focal point of Article 2B, Article 2B touches on much, much more than end user licensing. In fact, I think it is fair to say that most of Article 2B is not about mass-market licensing at all.⁷⁸ It applies to a

⁷⁷ See Robert W. Gomulkiewicz, *The License Is the Product: Comments on the Promise of Article 2B for Software and Information Licensing*, 13 BERKELEY TECH L.J. 891 (1998) (stating that the open source software revolution uses licensing to perpetuate what it considers a superior software development model and to provide low cost software to the mass market).

⁷⁸ See *id.* (describing the purpose of Article 2B).

broad range of other licenses that the software industry relies on to do their business, which can be placed into three categories:

First, software companies use licenses to build products. Almost no software company writes every line of code when it creates a product. Software companies license code from third parties to combine with the code they write themselves.

Second, software companies use licensing to build solutions for customers. What do I mean by building solutions? Well, most software programs are simply components that you have put together to create a useful product for somebody like me or you to use. An operating system is pretty useless unless there is application software like word processors or spreadsheets that runs on top of it. An operating system is not very useful unless it works with various microprocessors, and the application software is not very useful unless it can drive a printer to print a document or can receive input from a scanner. Therefore, all those people out there in the software industry have to work together so that they can actually provide a solution to a customer out of all those components.

Third, software companies use licenses to distribute software. Software is distributed through the retail channel, via computer hardware manufacturers, and—the recent trend—through Internet portal sites.

I think Article 2B's goal for these licenses should be to create contract default rules that reflect industry practice. In particular, the rules should take into account three important realities in the software industry. The first one is that software companies both give and receive licenses for software. They license software in and they license software out. In other words, they act as both licensors and licensees.

The second one is that companies of all sizes and all levels of sophistication participate in licensing. The third observation, and a thing I think Article 2B needs to take account of, is that in this wild and wacky world of software licensing, partners license to partners, but also competitors license to competitors all the time. Ray Norda from Novell has termed this phenomenon, "coopetition." The software industry depends on coopetition, in order to survive.

A final point about Article 2B, which George Cooke and Ray Nimmer mentioned, is that licensing law today can be chaotic for licensors and licensees of software. Why? Because there is a fair amount of uncertainty out there about which contract rules govern licenses. Contract rules do apply to licenses, but which ones? There is some doubt about that, and even when you find rules that

do apply, they are scattered among various codes and cases. The positive effect that Article 2B could have—and hopefully will have—is to draw together these contract principles from the cases and codes out there so that they are useful for licensing practitioners like me.

I will conclude by commenting on a statement that was made at the start about people taking sides in the debate about Article 2B. It is unfortunate to me that things come down to taking sides, because I think that the goal of the Article 2B project is best summed up by the aspiration of Thomas the Tank Engine: to be useful. The test for evaluating Article 2B will be the following: Can the code be useful? I have tried to give you some of the principles that I think are important as to whether the code passes that test. If it does pass that test, Article 2B holds very, very good promise for those of us in the software and information licensing industries.

PAMELA SAMUELSON

I very much endorse the Framework for Global Electronic Commerce's principles⁷⁹ and, in particular, the principle that says if they are going to legislate, governments should think carefully and seek to craft simple, predictable, consistent, and minimalist rules. Unpredictable, maximalist, and inconsistent rules are going to frustrate, rather than fix, this situation, because we are in a complex and rapidly changing environment.

Starting with that principle, let me say that my objections to Article 2B and to H.R. 354 are precisely that they do not follow that particular maxim. They are not simple, they are not minimalist, they are not predictable, and they are not consistent. What we need, in fact, is to go back and try to do something more carefully.

The Clinton Administration has offered some very good suggestions about how H.R. 354 could be adapted. I would recommend that you take a look at that legislative testimony,⁸⁰ because I think it is a step in the right direction. I believe that it would be a shame to end up with another Digital Millennium Copyright Act

⁷⁹ The Framework for Global Electronic Commerce is a Clinton Administration program whereby the President directed the Secretary of Commerce to privatize the domain name system in a manner that increases competition and facilitates international participation in its management. See *PGMedia, Inc. v. Network Solutions, Inc.*, 51 F. Supp. 2d 389 (S.D.N.Y. 1999).

⁸⁰ *The Collection of Information Antipiracy Act: Hearings on H.R. 354 before the Subcomm. on Courts and Intellectual Property of the Comm. on the U.S. Dept. of Commerce*, 106th Cong. (1999) (statement of Andrew J. Pincus, General Counsel), available at <<http://www.house.gov/judiciary/106-pinc.htm>>.

set of exceptions that are each narrowly tailored, because you tend to lose sight of the forest for the trees.

Much of what I and other people in the copyright field have focused on with respect to Article 2B has had to do with the following issue: What happens if copyright law gives you the right to engage in fair use, but a license purports to take this right away from you, particularly in a mass-market license situation? I am not going to spend time on that today, but, for those of you who are interested in the problem of preemption, misuse, and of ways in which this public policy overrides a provision currently in Article 2B, I would recommend the dual volume of the *Berkeley Technology Law Journal* and the *California Law Review*. We had a conference at Berkeley last year about Article 2B and its intersection with intellectual property law.⁸¹ The articles in those two volumes are quite helpful. If you are interested in getting a flavor for the debate, you might want to look at my website, <<http://www.sims.berkeley.edu/~pam>>. The forewords that I wrote to both volumes are on the website.⁸²

I recommend cutting back Article 2B. Even if it is cut back, I think many people in Silicon Valley would still have some difficulties with Article 2B. But I really recommend cutting it back, not to just “computer information transactions” (and nobody really knows what they are), but to just “software.” I would also suggest that the drafters eliminate the needlessly complex original parts of Article 2B, and decrease its size so that it can be read by a nonlawyer.

I think the current draft remains software-centric, and therefore it does not match very well with the assumptions and practices of many parts of the copyright industries. Although it purports to have cut its scope to “computer information transactions,” many parts of the draft continue to regulate “information” in the broad sense.

This is going to be a continuing problem. There are categories of information that essentially do not map well to a U.C.C. mold. Therefore, my recommendation is to make a model licensing law for software that is part of the Uniform Commercial Code.

There are at least four other reasons to be concerned about

⁸¹ See *Symposium: Intellectual Property and Contract Law in the Information Age*, 13 BERKELEY TECH. L.J. 809 (1998).

⁸² See Pamela Samuelson, *Foreword to Symposium on Intellectual Property and Contract Law for the Information Age*, 13 BERKELEY TECH. L.J. 809 (1998); Pamela Samuelson, *Intellectual Property and Contract Law for the Information Age: Foreword to a Symposium*, 87 CAL. L. REV. 1 (1999).

Article 2B. First, it is opaque, overly complex, and reads like the tax code; the American Law Institute was concerned about this, but so were many of the affected industries. I would recommend that you look at the Music Publishers Association's response to Article 2B.⁸³ They are worried about complexities that will create uncertainty, and they see that the concepts don't map well to what people are doing in the industry.

Second, Article 2B invents a lot of new vocabulary that is at odds with the way that these terms are commonly understood. This is going to affect many industries. It creates things from whole cloth, rather than following the U.C.C. aspiration of being accurate and reflecting actual practice. Third, although it maps reasonably well to some parts of the software industry, I doubt it maps well to other things. It may be more troublesome than it is worth.

Fourth, in case you do not already know this, the Motion Picture Association of America, the Recording Industry Association of America, the National Association of Broadcasters, the National Cable Television Association, the Magazine Publishers Association, and the Newspaper Publishers Association have come out and said: Table Article 2B.⁸⁴ We do not think it maps well to our industries. Leave us out. These associations want the whole thing tabled rather than having pieces carved out of it. Explanations are on the web as to why they prefer it this way.⁸⁵

Even if some states proceed to adopt Article 2B in its current form, which is starting to appear in a couple of legislatures,⁸⁶ I predict that their adoption will mimic the shrinkwrap enforcement statutes that were passed in Illinois and Louisiana.⁸⁷ Federal copyright law preempted Louisiana's statute,⁸⁸ and the Illinois law was repealed after a couple of years because it was so unsatisfactory to

⁸³ Letter from National Music Publishers' Ass'n to Carlyle C. Ring, Jr. (Commissioner, NCCUSL and Chair of the U.C.C. 2B Drafting Committee, practicing with the law firm of Ober, Kaler, Grimes and Shriver) (January 21, 1999), *available at* <<http://www.2bguide.com/parcom.html>>.

⁸⁴ Letter from Sharon Marsh Roberts, Chairman, Independent Computer Consultants Ass'n, and Cem Kaner to Gene N. Lebrun, President, NCCUSL (December 7, 1998), *available at* <<http://www.badsoftware.com/selfhelp.htm>>.

⁸⁵ *See id.*

⁸⁶ *See, for example, H.B. 561, Computer Information Transactions Act*, the version of Article 2B proposed by the Virginia legislature. All of the documents related to Virginia's drafting of the bill can be found at <<http://legis.state.va.us/jcots/documents/99-00/UCITA.htm>>.

⁸⁷ *See ILL. COMP. STAT. ch. 29, paras. 801-08 (West 1986); LA. REV. STAT. ANN. §§ 51:1961-66 (West 1987).*

⁸⁸ *See Vault Corp. v. Quaid Software Ltd.*, 655 F. Supp. 750, 763 (E.D. La. 1987), *aff'd*, 847 F.2d 255 (5th Cir. 1988) (finding state shrinkwrap law was preempted by federal copyright law).

the affected industries.⁸⁹

I would like to return to the problem of Article 2B's new vocabulary. There are many new, unfamiliar terms in Article 2B and you really need to spend some time learning the definitions. I will not dwell on these definitions; however, I would like to point out that there are some interesting terms that vary markedly from their ordinary meanings. This is particularly troublesome, because Article 2B gives them a certain meaning—a meaning that would transfer to your licensing documents, even if you meant something totally different. This is why your terminology is really important. Let me give you some examples. Look at the definition of "information." Information does not mean information as that term is commonly understood, but rather what Article 2B defines as information.⁹⁰ Something that is troublesome about the definition of information in Article 2B is that it conflates concepts that are intentionally kept separate in intellectual property law. Copyright law, for example, defines its subject matter as "works of authorship."⁹¹ It distinguishes the work from any particular copy of that work of authorship.⁹² It also distinguishes information that might be in the work of authorship.⁹³ In addition, any license in that work of authorship is separate from the other three concepts (work, copy, information). Also separate is the notion of the medium in which the work is fixed, and there also is a separate concept of intellectual property rights.

Nearly a year ago, the definition of information in Article 2B conflated all of those concepts into one term, namely "information." Subsequently, the concept of intellectual property rights was separated from the definition of information and placed under the separate term, "informational rights." However, there are still many concepts used separately in intellectual property law that are conflated into one notion in Article 2B. Industry licensing practices have developed around these distinct intellectual property concepts and use these terms in various ways.

Another problem with Article 2B in its current iteration—at least the February 1st draft—is that it defines "copy" in terms of "medium." It states that the copy *is* the medium on which information is fixed.⁹⁴ That does not map well to the way the rest of us use

⁸⁹ See 1987 ILL. LAWS 85-254 § 1; 1987 ILL. LAWS 85-264 § 1.

⁹⁰ See U.C.C. § 2B-102(26) (Proposed Draft Aug. 1998) (defining "information" as "data, text images, sounds, masks, works, or works of authorship," including software).

⁹¹ See 17 U.S.C. § 101 (1999).

⁹² See *id.* (defining "copies").

⁹³ See *id.* § 102(b).

⁹⁴ See U.C.C. § 2B-102(17) (Proposed Draft Feb. 1999) (defining "copy" as "the me-

the word copy. There are many other terms in Article 2B that mix things up, that conflate things that really shouldn't be conflated, and "copy" and "information" are just two examples of this.

There are also a number of terms that are defined separately in Article 2B that ordinary people would think of as conflated. For example, "software" is defined in Article 2B differently from "computer program,"⁹⁵ so you must make sure that you never use those words as though they were interchangeable. A similar problem arises with the terms "information" and "data"; we often use these as though they are interchangeable, but Article 2B does not.⁹⁶

You cannot force people to use your own vocabulary, and I think it is a real problem that Article 2B tries to invent new meanings for terms that in fact do not map onto the way that most of us use them, and do not conform to our assumptions. I think this is part of what gives rise to the complexity, the unpredictability, and the inconsistency of Article 2B. And that is why I think it will be a failure—with all due respect to Ray Nimmer, who I know has worked very hard on this.

In closing, I would like to say a few words on the database legislation. You should follow these developments closely, because this legislation isn't just about fact works. It is about all works of authorship, because many works of authorship are rich in facts and information. And some of the definitions in this legislation are cast so broadly that all the information that is in an historical work, for example, could be protected as a collection of information. What this means is that if a news story, or a movie, or another author wanted to use those historical facts, they could get sued under the legislation, unless we define things in a way that makes sure that a work of authorship is not considered to be a collection of information. So with that, I think I will end. There is much more to be said about these issues, but I tried at least to end the day on a rousing note.

dium on which information is fixed on a temporary or permanent basis and from which it can be perceived, reproduced, used or communicated, either directly or with the aid of a machine").

⁹⁵ See *id.* § 2B-102(10) (defining "computer program" as "a set of statements or instructions to be used directly or indirectly in a computer to bring about a certain result"). "The term does not include separately identifiable informational content." *Id.* "Software" is defined as "a computer program, any informational content in the program, and any supporting information provided by the licensor. The term does not include a separately identifiable motion picture and does not include a computer program included in a copy of the picture or recording if the purpose of the program is merely to make possible the display or performance of the picture or recording." *Id.* § 2B-102(46).

⁹⁶ See *supra* note 90 and accompanying text.

MARCI HAMILTON

Which is unusual. In a really serious way, the format of this panel was cruel, because every person up here could have given you easily an interesting hour or more on either of the topics that we are talking about. We have given you a smorgasbord, but it really is just the tip of the iceberg of what's interesting.

What we will do now is entertain questions from the audience for a short while.

AUDIENCE MEMBER

I have a question for Professor Nimmer. I know that you have been working on Article 2B for so long, and it seems by and large that the industries that are going to be affected by it are afraid of this. I am just wondering how the committee is looking at this. What are you going to do about it? Are you going to ignore it and keep going, or is there some type of larger plan?

RAYMOND NIMMER

I think one of the weaknesses of a format like this is that the first speaker never gets to respond to anything else that is said. Since you are speaking first, you do not know what they are going to say and you cannot address it. I think the points that have been made are the areas in which there are disputes, and I think we could talk about them individually.

The more general point that you are asking about is a very wise one. The process itself is one that has been going on for approximately four or five years. In the last year and a half or two years, meetings have routinely had upwards of one hundred people in attendance from a variety of industries and areas of practice.

I think that any process that deals with issues that are raised by the digital industries, or the digital information revolution, is going to be a controversial process, because you have crossed lines, as I think Marci has said. You start having people from one perspective facing things from another perspective.

George Cooke, for example, has a number of perspectives that Bob Gomulkiewicz would not bring to the table and Bob has a number of perspectives that George would not bring to the table, even if they were in policy license. I think at some point you do the best you can, set it out as a template, and hope that over a period of time its adjustments reflect the convergence and the kinds of issues that are going on.

George and I have had a number of interchanges, some of

which have resulted in major changes in the draft. Some of them have not, because we disagree, but those kinds of changes occur. I guess the only answer is that you refine it until it is workable for a substantial number of people. We can go through the list of people who are opposed, as well as a long list of industries that are strongly supportive. I think that is just the nature of politics in the modern world.

I would also make a comment—and I think several people, mentioned this—that when you read the Digital Millennium Copyright Act, you see what’s being proposed now for databases and you see all the things that have been going on with reference to digital information. You ultimately find the continuously difficult task of drafting to cover, to make, and to draw lines.

And it is impossible to do very well, because you cannot simply draw lines without it getting fairly complicated. I think the basic premise is that you defer to whatever local generality you can, you do your best, and then you make adjustments as the world keeps moving.

AUDIENCE MEMBER

You mentioned as one of the revisions recently added to the draft, a public policy provision to void certain terms. It is perfectly understandable in mass-market computer licenses, but I have never understood the justification for including that in negotiated agreements, so I am curious about that.

RAYMOND NIMMER

I think there are two responses. First of all, everybody is following this. The debate, regarding what’s now a public policy override provision in Article 2B, began initially with the proposal that contracts should not alter rights of fair use, whatever those rights might turn out to be. The proposal shifted for a period of time into the public policy exception.

One of the ideas was to possibly limit the proposal to the mass market, where most of the issues, at least from the fair use free speech area, would come up. The difficulty is that public policy is equally valid when you’re talking about two negotiating parties. You and I, no matter which company we represent, couldn’t make an agreement that would be enforceable to sell your baby to me. This is a public policy override.

We could not make a variety of other agreements that might infringe on public policy. Therefore, the concept is that if you

limit it to only the mass market, you wind up creating what somebody on this panel has mentioned as a negative influence.

JUSTIN HUGHES

I just wanted to reaffirm that definitely in the copyright and software licensing environment, you could have negotiated contracts that have terms that are appropriate, vis-à-vis your situation, but inappropriate for your vision of public policy for intellectual property. The *Laser Comb* decision is a perfect example.⁹⁷ You have a negotiated contract that has a term in it that says the licensee will not try to develop another product for ninety-nine years. That's pretty inappropriate, and there is definitely a good reason for holding that provision unenforceable on public policy grounds.

⁹⁷ *Lasercomb Am. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990) (concluding that there was no copyright infringement, as the court found that the copyright in question was misused).