PATHFINDER (Source List)

LAW REVIEW ARTICLES

I. BTLJ Symposium

A. Samuelson, "Foreword" (13 BTLJ 809)
1. Vulnerability of digital info. as a reason for broader role of contract (>IP) in info. age.
2. Summaries of articles:
   a. **Nimmer**: Freedom of contract and emergence of new info. markets favor licensing.
      - No conflict with IP laws, though contract role will probably increase.
   b. Litman: Art. 2B creates 'new law', misusing copyright language in other contexts.
      -Non-IP sources of licensors' informational rights shaky (ex. white pages CD)
   c. Ginsburg: Concern for interests of indiv. authors as class of licensors (pro-licensor)
   d. **Hutcheson**: Probing scope of Art. 2B and ambiguity of specific exclusions.
   e. Kane: Ambiguous definition of 'computer program' and 'informational content'
   f. Froomkin: Digital sig./authentication procedure shaky – consumer rights at risk.
   g. Cohen/Davis: Jurisprudence of self-help (UCC Art. 9 roots) and "right to hack"
   h. **Friedman**: As info. providers look to tech. & licenses *and not CR* for protection, fair use rules should not apply.
   i. McGowan: 'Freedom of contract' underlying rationale = increases allocative effic.
   j. Rice: Non-transferability rules overrides trade secrecy law and impacts reverse eng.
      -Also effectively overrides "first sale" doctrine of CR law

B. Nimmer, R., "Breaking Barriers: The Relation Betw. Contract and IP Law" (13 BTLJ 827)
1. Thesis: Contractual relations 'trump' default legal rules, though contract, IP, and competition law places *some* limits on enforceability of private contract terms.
2. Core relationship between contract & IP law: symbiotic, not preemption!
   a. Open forum vs. commercial use = choice of person holding information
   b. Diff. legal context of on-line trans. = incentive to contract: *ex.* Pub.'s liability
      -Rosenstein S&P's Corp., 636 N.E.2d 665 (1993) [FN 13]
      -Art. 2B-404(b) – adopts print media rule limiting liability, promoting info distr.
   c. Incentives to contract: contract as Product itself!
   d. Contract Law (party choice regime) vs. Property Law (vested rights regime)
      -ME: Compare Art. 2B provisions on form contracts with trad. UCC rules
      -Also other bases for property rights than CR: criminal law, privacy law, etc.
      -Prop. law creates default trans. rules: Revision right, transf. of licenses, author's termination right (preemption of CL default but it's just default to actual terms), "first sale" doctrine (17 USC §117) – but state law determines when 'sale' occurs!
3. Limits on Contract
   a. Preemption doesn't fit since contract is *private* behavior, not state law.
      -ME: but does fit if deciding between federal and 2B *default rules*, right?
      -'Extra element' (i.e. existence of contractual relationship) for state law contract claim precludes preemption [FN 87-88] by CR law.
      -Disting. Vault, 847 F.2d at 268-69 (rights based on state statute, not contract)
      -Disting. Bonito Boats, 489 U.S. 141 (1989) – not state law enf. private rel. [866]

b. IP Misuse – Art. 2B doesn't alter result [FN 116]
-Real focus on antitrust, comp. law [but Lasercomb Am., 911 F.2d 970 (1990)]
-Nimmer says while extended patent licenses killed (Brulette, 379 US 33-34), TS license ok (Listerine case): ME- disting. since TS risk priced into license!
c. Contract law limits – unconscionability, R.211, public policy, etc.
-Doctrines (not R. though) reaffirmed by Art. 2B-208
-Fair Use, First Sale: not override contract (plus, not for state code to decide!)

C. Gomulkiewicz, "The License is the Product: Comments on the Promise of Article 2B for Software and Information Licensing"
1. Enforceability of mass market software licenses (ProCD) critical for industry
a. Standard form contracts ubiquitous in commerce (R.2nd, UCC Art.2, Corbin)
b. Though diff., software licenses still benefit licensees (self-policing leverage, etc.)
c. Pro-consumer take on Article 2B (§2B-208 protections)
2. Article 2B at times remains too close to Article 2 rules, not following industry practice:
a. Warranties – placing risk of infringement on licensor infeasible (esp. smaller dev.)
b. Duration of contract- changes Art.2 "reas. time" to perpetual license (part good)
c. Interp. of Exclusive License Grants – shows clarity brought by Art. 2B
-"exclusive rights" means exclusive as to everyone, including licensor

D. Hutcheson, "Exclusion of Embedded Software and Merely Incidental Information From the Scope of Article 2B" (13 BTLJ 977) – to be read…

II. CLR Symposium

A. Nimmer, D., "Metamorphis of Contract into Expand"
1. Takes aim at Art.2B's "neutral" stance toward preemption, and sp., ProCD's logic
a. Federal Preemption = approp. response to contracts that alter CR balance.

B. Wolfson, "Contracts and Copyright Not at War"
1. CR law can't protect valuable info. w/o mass licenses in lite of SC's decision in *Feist*.
2. Leave preemption questions (about fair use rights, etc) to Congress, not state law.

C. Lemley, "Beyond Preemption: Law and Policy of IP Licensing"
1. Emphasizing "doctrine of misuse" to balance 2B terms, i.e. prevention of reverse eng.

D. Dreyfuss, "Do You Want to Know a Trade Secret…"
1. Art. 2B frustrates innovation by undermining "info. leaks" into public domain.
2. Not equipped to deal with trade secret licensing (too different).

E. Alces, "Whither Warranty: Bloom of Products Liability Theory in Def. Software Design"
1. Arguing for higher warranty standards for software licensors, both for society's (better products) and their own (greater demand) benefit. Else, product liability will fill void.

III. Others:

A. O'Rourke, "Progressing Towards a Uniform Commercial Code for Electronic Commerce or Racing Towards Nonuniformity" (14 BTLJ 635)

B. Pita, "Practitioner's Corner: Reconciling Reverse Engineering and Conflicting Shrinkwrap License Terms Under UCC Article 2B: A Patent Law Solution" (14 Comp. & HT LJ 465)

STATUTES

1. UCITA (July 1999 approved draft)

2. UCC Article 2B
   a. August 1998 Draft
   b. November 1998 Draft

3. Uniform Commercial Code (1990)

4. Digital Millenium Copyright Act, Pub. L No. 105-304, 112 Stat. 2860 (1998)
   a. Need for new property interests dealing w/ transmission, extraction, and access rather than making and distribution of info. (*see* R. Nimmer, 829)

CASES (others cited above)

1. ProCD, Inc. v. Zeidenberg, 86 F.3d 1447 (7th Cir. 1996)
   a. Court says lots of examples where form contract terms practical *after* purchase (ex. tickets)
      -Here, characterized as offer that buyer can accept by using software *after* reading license
      -UCC §2-204,606 (acceptance by using); could have rejected if didn't agree to terms!
   b. 17 USC §301(a) does not preempt shrinkwrap license (assuming valid contract)
      -'Private' contract vs. 'public' law: not "equivalent" under CR statute (ex. trade secret agr.)
      -SC: American Air v. Wolens, 115 S.Ct. 817 (1995) – contract not preempted by statute.
      -Does not inhibit flow of info. into public domain; in fact, facilitates it via lower price.

2. Hill v. Gateway 2000, 105 F.3d 1147 (7th Cir. 1997)
   a. Follows ProCD: formation of contract *after* usage!

3. M. A. Mortenson Co. v. Timberline Software, 93 Wash. App. 819 (1999)
   a. Follows ProCD.
   b. Even if license viewed as proposal for "add. terms" under §2-207, M's conduct = assent.

4. *But see:* Step-Saver Data Sys. v. Wyse Tech., 939 F.2d 91, 103 (3d Cir. 1991)
   a. Such licenses are *proposals* for amending a contract of sale, not part of contract of sale.
   b. Terms non-enforceable since assent never given! (but what about airline tickets, etc.)

5. Vault Corp., 847 F.2d 255 (5th Cir. 1988) – preemption (*see supra*)

TREATISES

1. Nimmer and Nimmer, Nimmer on Copyright (1995)
    a. §101[B]: "subject matter" of CR under §301(a) includes even unprotected works

2. Restatement 2nd of Contracts
    a. §211 cmt. A: enforceability of "form contract" terms

3. 3 Cunningham & Jacobson, Corbin on Contracts
    a. §559A(B)

4. Roger Milgrim, Milgrim on Licensing (1998)
    a. §15-33 – "exclusive licenses"

5. Farnsworth, 1 Farnsworth on Contracts (1990)
    a. §4.26: Form contracts, additional terms, notice, etc.

6. Merges, IP Casebook: Trade Secret, Copyright (plus class notes on licensing…)

WEB SOURCES

I. www.2Bguide.com: see my Preliminary Summary

II. Other Sites:

1. "Beware of Licensing Terms Giving Vendors the Right to Detonate Software Bombs" (www.infoworld.com)
    a. Points to current examples of "crippleware" to forecast abuse of consumers by software publishers under UCITA. Not limited to just "fringe" firms.

2. "What is UCITA" by Ed Foster (www.infoworld.com)
    a. Inspiration: different choices of possible laws to apply:
        -Federal and state intellectual property laws
        -Consumer protection laws, or
        -Existing UCC Article 2 for sale of goods (*see* Advent Sys, 925 F.2d 670, 676 – software licenses under Art. 2 rubric)
    b. 1995 – Spring 1999 = UCC Article 2B (ALI and NCCUSL)
        -last draft of Article 2B in February 1999
    c. UCITA approved by NCCUSL in July 1999.
        -UCITA draft only available for few weeks before vote

3. "Top 12 Problems in UCITA" (www.infoworld.com, August 30, 1999):
    a. Enforcement of shrinkwrap licenses and one-sided shrinkwrap terms
    b. Cost of negotiated contracts
    c. E-commerce Impacts – less uniformity to Internet law

d. Software industry competitiveness will decrease – disclaimed warranties provide disincentives for bug proofing and product quality
e. Electronic self-help – security and fairness issues
f. Reverse engineering – potentially prohibited
g. [Non-]transfer of ownership – possibly forcing repurchase of software after corporate mergers, restructuring, etc.
h. Bug disclosures – protection from lawsuits to publishers who even knowingly distribute software with bugs and hide them.
i. No pre-sale access to terms – ok even for online sales where access possible
j. Purchase Order terms intended to cancel out shrinkwrap terms won't work.
k. Scope of law – uncertain…
l. Choice of law and forum – publisher choice via loopholes

4. FTC Letter – July 9, 1999 (www.ftc.gov)
a. Consumer protection concerns:
(i.) watered down def'n of "conspicuous" for license terms disclosure
(ii.) over-facilitating e-commerce such that consumer security at risk
(iii.) primacy of state contract law over federal IP protection – competition affected

5. "E-Commerce Provisions in the UCITA and UETA" by Cem Kaner (www.badsoftware.com)
a. UCITA 102(b)(4) vs. UETA (no presumption) for electronic signatures
b. Potential consumer liability for fraudulent electronic signatures [§116(c)] - risk on wrong party!
c. No provision in UCITA (unlike UETA) req. customer be able to download contract.
d. Critique of "mailbox rule" for electronic notices to consumers (e-mail problems, etc.)
e. Choice of law/forum in UCITA unlike UETA.

6. "Self-Help Under UCITA" by S.M. Roberts and C. Kaner (www.badsoftware.com)
a. For vendors who legitimately need self-help, 15-day delay (safeguard) too long.
b. For customers, too big of a security risk – Article 9 comparison inapposite due to potential collateral damage.
c. For small licensors who most need it, rules too technical to understand.

→ ***UCITA §816*** *is perhaps best compromise, but not good enough in helping needy parties:* small *licensors* in danger of being abused by big *customers*. (reverse critique)