GEORGIA BAR
Journal
FEBRUARY 2000 • VOL. 5 NO. 4

COMMERCE

THE ANNUAL TECHNOLOGY ISSUE

west new fullpage, b & w “redefining citation research”

Editorial Board

WILLIAM WALL SAPP, **Editor-in-Chief**

JENNIFER M. DAVIS, **Managing Editor**

LYN K. ARMSTRONG
ERIKA C. BIRG
CHARLES M. CORK III
O. WAYNE ELLERBEE
GEORGE W. FRYHOFER III
MICHAEL JABLONSKI
ANNE R. JACOBS
MICHELLE W. JOHNSON
SARAJANE N. LOVE
W. FRAY MCCORMICK
D. SCOTT MURRAY
MARISA ANNE PAGNATTARO
AMELIA TOY RUDOLPH
JOHN M. SIKES JR.
JOHN SPANGLER III
JERRE B. SWANN JR.
DIANE BETH WEINBERG
PAMELA Y. WHITE-COLBERT
J. MICHAEL WIGGINS

CHARLES R. ADAMS III, ADVISOR
THEODORE H. DAVIS JR., ADVISOR

Officers of the State Bar of Georgia (ex officio members)

RUDOLPH N. PATTERSON, MACON
President

GEORGE E. MUNDY, CEDARTOWN
President-elect

JAMES B. FRANKLIN, STATESBORO
Secretary

JAMES B. DURHAM, BRUNSWICK
Treasurer

WILLIAM E. CANNON JR., ALBANY
Immediate Past President

JOSEPH W. DENT, ALBANY
YLD President

KENDALL S. BUTTERWORTH, ATLANTA
YLD President-elect

ROSS J. ADAMS, ATLANTA
YLD Immediate Past President

Editors Emeritus • (ex officio members)

THEODORE H. DAVIS JR., 1997-1999
L. BRETT LOCKWOOD, 1995-1997
STEPHANIE B. MANIS, 1993-1995
WILLIAM L. BOST JR., 1991-1993
CHARLES R. ADAMS III, 1989-1991
L. DALE OWENS, 1987-1989
DONNA G. BARWICK, 1986-1987
JAMES C. GAULDEN JR., 1985-1986
JERRY B. BLACKSTOCK, 1984-1985
STEVEN M. COLLINS, 1982-1984
WALTER M. GRANT, 1979-1982
STEPHEN E. RAVILLE, 1977-1979
ROBERT H. WALLING, 1975-1977

Communications Committee

WILLIAM E. CANNON JR., ALBANY
Chairperson

DENNIS C. O'BRIEN, MARIETTA
Vice-Chairperson

Staff

JENNIFER M. DAVIS
Director of Communications

NIKKI HETTINGER
Communications Coordinator

CAROLINE SIRMON
Internet Coordinator

AMY MORLEY
Administrative Assistant

GEORGIA BAR Journal

FEBRUARY 2000 • VOL. 5 NO. 4

On the Cover: *Our annual technology issue explores e-commerce and more.*

QUICK DIAL

Attorney Discipline	(800) 334-6865 ext. 720 (404) 527-8720
Consumer Assistance Program	(404) 527-8759
Conference Room Reservations	(404) 527-8712
Fee Arbitration	(404) 527-8750
Continuing Legal Education Transcripts	(404) 527-8710
Diversity Program	(404) 527-8754
ETHICS Hotline	(800) 682-9806 (404) 527-8741
Georgia Bar Foundation/IOLTA	(404) 527-8766
Georgia Bar Journal	(404) 527-8736
Lawyer Assistance Program	(770) 612-1122 (800) 327-9631
Law Practice Management	(404) 527-8773
Membership Records	(404) 527-8777
Meetings Information	(404) 527-8790
Pro Bono Project	(404) 527-8763
Professionalism	(404) 527-8793
Sections	(404) 527-8774
Unauthorized Practice of Law	(404) 527-8743
Young Lawyers Division	(404) 527-8778

HEADQUARTERS

800 The Hurt Building • 50 Hurt Plaza • Atlanta, GA 30303-2934
(800) 334-6865 (404) 527-8700 FAX (404) 527-8717
Visit us on the Internet at *www.gabar.org*

SOUTH GEORGIA OFFICE

244 E. Second St. (31794) • P.O. Box 1390 • Tifton, GA 31793-1390
(800) 330-0446 (912) 387-0446
FAX (912) 382-7435

MANUSCRIPT SUBMISSIONS

The *Georgia Bar Journal* welcomes the submission of unsolicited legal manuscripts on topics of interest to the State Bar of Georgia or written by members of the State Bar of Georgia. Submissions should be 10 to 12 pages, double-spaced (including endnotes) and on letter-size paper. Citations should conform to A UNIFORM SYSTEM OF CITATION (16th ed. 1996). Please address unsolicited manuscripts to: William Wall Sapp, Editor-in-Chief, Alston & Bird, One Atlantic Center, 1201 W. Peachtree St, Atlanta, GA 30309-3424. Authors will be notified of the Editorial Board's decision following its next meeting.

The *Georgia Bar Journal* welcomes the submission of news about local and circuit bar association happenings, Bar members, law firms and topics of interest to attorneys in Georgia. Please send news releases and other information to: Jennifer M. Davis, Managing Editor, 800 The Hurt Building, 50 Hurt Plaza, Atlanta, Georgia 30303; phone: (404) 527-8736.

Layout and Design by Lenz Design & Communications, Inc. 119 E. Court Sq. #201, Decatur, Georgia

PUBLISHER'S STATEMENT

The *Georgia Bar Journal* (SSN-0016-8416) is published six times per year (bi-monthly) by the State Bar of Georgia, 800 The Hurt Building, 50 Hurt Plaza, Atlanta, Georgia 30303-2934.

© State Bar of Georgia 1999.

One copy of each issue is furnished to members as part of their State Bar dues. Subscriptions: $36 to non-members. Single copies: $6. Periodicals postage paid in Atlanta, Georgia. Opinions and conclusions expressed in articles herein are those of the authors and not necessarily those of the Editorial Board, Communications Committee, Officers or Board of Governors of the State Bar of Georgia. Advertising rate card will be furnished upon request. Publishing of an advertisement does not imply endorsement of any product or service offered. **POSTMASTER:** Send address changes to same address.

DISABILITIES

If you have a disability which requires printed materials in alternate formats, please contact the ADA coordinator at (404) 527-8700 or (800) 334-6865.

lexis nexis pickup 12/99, fullpage 4-color

GEORGIA BAR Journal

FEBRUARY 2000 VOL. 5 NO. 4

TABLE OF CONTENTS

TECHNOLOGY

Internet and E-commerce Deals: Lawyer Dreams and Nightmares
By James A. Harvey and David S. Teske
8

E-Commerce Taxation Issues for Online Businesses
By James R. Eads Jr. and David F. Golden
15

Patent Protection for Business Methods: E-Commerce and Beyond
By Bradley K. Groff
22

The Anticybersquatting Consumer Protection Act of 1999
By Theodore H. Davis Jr., R. Charles Henn Jr. and Christine M. Cason
28

Service of Process by E-mail
By J. William Boone, William C. Humphreys Jr. and Jeffrey J. Swart
32

Liability Issues Facing Online Businesses
By David E. Shipley
48

Filing in Courthouses Goes Online
By Nikki Hettinger
56

A Guide to Electronic Filing in Fulton
By Nikki Hettinger
59

A Report from the Computer Law Section Can I E-mail My Clients?
By Jeffrey R. Kuester
62

Internet Basics
By Caroline M. Sirmon
70

FEATURES

Midyear Meeting: A New Century
By Jennifer M. Davis
74

DEPARTMENTS

From the President
Putting the Legal System Online
By Rudolph N. Patterson
6

From the Director
Inquiring Minds Are Asking These Questions
By Cliff Brashier
7

From the YLD President
Coming To A Community Near You
By Joseph W. Dent
78

YLD News
YLD Golf Tournament Raises $15,000
79

Who's Where
80

From the Attorney General
81

Book Review
A Valuable Overview Of Intellectual Property
Karen W. Shelton
82

Professionalism
Nominations Sought: Chief Justice Community Service Awards
84

Lawyer Discipline
86

Georgia Trial Reporter
87

Section News
88

Corporate Counsel Section Honors McAlpin
90

In Memoriam
91

Notices
First Publication of Proposed Formal Advisory Opinion No. 98-R7
92

CLE Calendar
94

Lawyer Assistance Program
96

Law Matters: Engaging Youth to Learn, Serve and Lead
98

Ad Index
98

Classifieds
98

PUTTING THE LEGAL SYSTEM ONLINE

By Rudolph N. Patterson

Can you believe it? Y2K is here. How many of us ever thought in terms of this year — 2000? In the past, we used to talk about it as if it were a science fiction era that would never come to pass. Well we may not be living in outer space, but our lives have certainly changed and will continue to do so as we cross the threshold of a new millennium.

Who could ever have foreseen the advent of transmitting words over the air or by wire? Who could have predicted instant photography or lap top computers or storing rooms of knowledge on a four-inch disc? Who could have guessed that most of us would be walking around with telephones that will reach us wherever we travel in the world? And pagers — it used to be only doctors wore those when they were on call. Now parents use them to keep up with their teenagers. And who would've ever thought we would correspond, whether for business or pleasure, by typing on a computer and hitting a button to send the message instantly? Who could've ever foretold that "dot com" would become part of our vocabulary? Just notice how many television commercials today advertise so-called "dot com" companies. Another barometer is from America Online's annual report — in 1993, they had 500,000 members and in 1999 they surpassed the 20 million mark. And who knows what the impact will be of their recent merger with Time Warner Inc.?

Yes, our lives have changed. And the technology will continue to dictate the velocity. The January 1999 issue of *Yahoo! Internet Life* even put Atlanta as ninth in their list of "America's Most Wired Cities and Towns." All of this technology means the practice of law will also be evolving. In your own mind, think of how the practice has already changed in light of the computer age.

It would be ideal if the courts, the legislature and the State Bar were to establish a single joint advisory group to oversee the mechanics of a uniform implementation of justice online.

As one example, an article on page 56 discusses electronic filing in courthouses across Georgia. As we began to research this issue, we thought Fulton County State Court was the only one in Georgia experimenting with online filing. What we learned was that courthouses across the state are beginning to explore the same concept. There is no disputing the fact that this is the wave of the future, as more and more of our time is spent on the Internet. In fact, the Nielson Net-Ratings Inc. estimates that over 100 million Americans are surfing the Web.

I was pleased to find that so many of our courts are aggressively staking a presence on the World Wide Web. It would be ideal if the courts, the legislature and the State Bar were to establish a single joint advisory group to oversee the mechanics of a uniform implementation of justice online. A consistent menu for electronic filing, as well as for accessing documents, would make it easier to use the system. Just as we have uniform rules of court, we should have uniform rules for posting court information and court filings on the Internet. Then it would not matter where you filed a case or document; you would know exactly how to proceed through the respective court site.

A uniform system would avoid wasting time, paper and storage for all concerned. Since this would be public information compiled by public employees, all court filings and documents should be made available for public viewing and copying free of charge.

During the past six months, we have reviewed the efforts of some extremely intelligent persons, in both public and private service, who are working diligently for the benefit of the citizens of our state. We congratulate them for their diligence. The Bar stands ready to be of any assistance that we are asked to provide.

INQUIRING MINDS ARE ASKING THESE QUESTIONS

By Cliff Brashier

The switchboard of the State Bar is a busy place indeed. It is all that two receptionists can do to answer and direct about 600 calls per day from our 30,000 members and the public. Here are some of my most frequently asked questions and their answers.

Q: When do we move into the new Bar Center?

A: The Federal Reserve is scheduled to move into its new building by Sept. 30, 2001. After a six-month renovation period, the State Bar should be in our new home by March 31, 2002. The Federal Reserve could elect to exercise a final option which would move both of the above dates back by six months.

Q: Is there a medical insurance plan that the State Bar recommends?

A: No, not yet. The Membership Services Committee and the leadership of the Bar understand the importance of this service to you, and are working hard to find a plan that offers a good value for all Georgia lawyers. Because the health insurance market is very competitive, medical costs continue to spiral upward and profit margins in the insurance industry are small, it is a very difficult task to find a good product at a reasonable price. Nevertheless, progress is being made, and I hope we can report success in the near future.

Q: How do I check my mandatory CLE status?

A: You may check your record either by going to the State Bar's Web site at *www.gabar.org* or by calling the State Bar's MCLE department at (800) 334-6865 or (404) 527-8710.

Q: How do I change my address or phone number in the State Bar's records?

A: You can do this by sending your new address to us online at member@gabar.org, fax (404) 527-8747, or mail to: Membership Department, State Bar of Georgia, 800 The Hurt Building, 50 Hurt Plaza, Atlanta, GA 30303.

Q: How do I get a quote from the malpractice insurance plan recommended by the State Bar?

A: Call American National Lawyers Insurance Reciprocal (ANLIR) at (404) 645-3070 or (888) 889-4664.

Q: What is the address of the State Bar's Web site?

A: *www.gabar.org*

Q: How can I help improve the image of our profession?

A: Participate in the Bar's Foundations of Freedom program by:

- Arranging a speaking opportunity at your civic club for a member of the Bar's speakers bureau — or volunteering to be part of the speakers bureau yourself. We currently average two presentations per week, but would like to double or triple that number.
- Putting the lawyer myths brochure in your firm's waiting room.
- Using the Bar's camera-ready ads when you are asked to sponsor a school or community activity that offers a printed program. They are available at no charge and can be found in the June 1999 *Georgia Bar Journal* or online at *www.gabar.org/ga_bar/pdf/juneads.pdf*.
- Requesting the Bar's two pattern jury charges in your civil trials.
- For more information on these opportunities to help, call Bonne Cella at (800) 330-0446 or (912) 387-0446.

Q: How can I request a State Bar presentation at my voluntary bar association meetings

A: Call me at (800) 334-6865 or (404) 527-8755. The president and other officers of the State Bar welcome the opportunity to speak, answer questions, and solicit suggestions from all Georgia lawyers.

Q: How can I participate?

A: Join a section, participate in the Young Lawyers Division, volunteer to coach a high school mock trial team, volunteer to serve on one of the many committees listed in your Bar *Directory*, attend the Annual Meeting, be active in your local and circuit bar associations, do pro bono, run for the Georgia legislature and other public offices, be active in your communities, say good things about opposing counsel, take pride in our profession, and let me know how the State Bar can better serve you.

Q: Why should I participate?

A: Our profession and your career satisfaction will both benefit greatly.

Q: Would you please double my dues?

A: Just kidding (no one ever asks that).

Your comments regarding my column are welcome. If you have suggestions or information to share, please call me. Also, the State Bar of Georgia serves you and the public. Your ideas about how we can enhance that service are always appreciated. My telephone numbers are (800) 334-6865 (toll free), (404) 527-8755 (direct dial), (404) 527-8717 (fax), and (770) 988-8080 (home).

Internet and E-commerce Deals: Lawyer Dreams and Nightmares

By James A. Harvey and David S. Teske

Technology and computer lawyers face rapidly changing business circum stances and immature bodies of law. The advent of the Internet has acceler ated the pace of change, dramatically increasing the demands on existing law and lawyers. In Internet and e-commerce deals, a lawyer must be familiar with the Internet space in which the client operates. Lack of familiarity with "the space" leads to less effective legal advice and serves as a major impediment to consummating the transaction in "Internet time."

This article surveys Internet and e-commerce transactions from a business perspective, some typical legal issues associated with those transactions and, perhaps most importantly, the language associated with them. This article is not intended as an educational tool for the expert in Internet and e-commerce transactions. It is an overview for non-Internet practitioners who will soon be faced with multitudes of Internet and e-commerce-related transactions.

Web Keiretsu and Lawyers

A successful Web site combines three key elements: content, community and commerce. Most Internet deals are either directly or indirectly aimed at developing or gaining one of these elements. Internet businesses that are strong in those elements can easily share them with other businesses that are weak in one or more of these elements and vice versa. This may involve sharing content, brands, user base, functional elements (such as e-commerce "storefronts") or other assets that support the mutually

beneficial sharing of content, community and commerce.

The highly-valued equity of many Internet companies often serves as a sweetener to take an e-commerce deal beyond a service arrangement or content license; it causes the companies to become strategic partners with equity ownership stakes. This results in highly complex deals that create the Web version of Japanese "keiretsu" where related companies participate with one another in a tightly connected chain of customers and supplies.

Usually the business representatives "just want to get the deal done" without considering the exact obligations of the parties, leaving the lawyers searching for solid ground amidst large equity valuations. When combined in a transaction that takes place at Internet speed, the lawyer's knowledge of the Internet and e-commerce business space becomes the critical ingredient that allows the attorney to provide realistic, useful advice to the client, rather than the standard recitation of pitfalls typical of non-Internet transactions.

Another hugely successful e-commerce model made possible by the Internet is the reverse auction, ushered in by *priceline.com*.

Acquiring and Creating Content

Content is the basic raw material that any site uses to develop two critical components: "eyeballs" and "stickiness." The term "eyeballs" describes the number of visitors to a Web site or page, while "stickiness" describes the tendency of a visitor to remain on a particular site or page. The first Internet transactions involved contracts or arrangements where one party provided content for a site, or two or more parties exchanged content for their respective sites. Due to the often-prohibitive cost of developing original content, content acquisition continues to drive a substantial portion of Internet-related transactions.

The term "content," as applied to the Internet, is very broad. For example, real time interactive data (*e.g.*, stock quotes) and inventory (*e.g.*, real estate) can serve as important content for an Internet site, although they are not traditional articles or pictorial materials on a given topic (as one might find in a hard copy magazine). Functionality provided at a site (*e.g.*, calendar/address book functions, free e-mail, etc.) can also serve as content. Internet content can often double as the subject of commerce on a site. Prominent examples of this content/commerce mingling include *Amazon.com* (books written by third parties), *priceline.com* (travel inventory) and *ebay.com* (auction inventory). Another common transaction is offline content being re-purposed for use on a third-party site (*e.g.*, content developed by a health care journal re-purposed for distribution via the Internet). Finally, companies often acquire co-branded content for their sites (*e.g.*, *CNN.com* content and headlines appearing in a branded form on a portal site).

Consideration of the various characteristics of content reveals some of the legal issues that lawyers face in Internet transactions. Of course, a lawyer must consider the intellectual property ramifications of reproducing and transferring content provided by others, but concepts like defamation, misappropriation of likeness, first amendment issues and, depending on the nature of the content, regulatory issues must also be considered. For example, if a site is involved in the sale of automobiles (where the automobiles serve as the content *and* the basis for commerce on the site), state-law issues of dealership and automobile brokerage may apply to what the unknowing lawyer might have otherwise considered a straightforward content license. To render effective legal advice, the lawyer must understand the multiple roles of the content, and the multiple business and legal issues associated with the transaction.

Acquiring and Creating Community

The second critical element of any successful site is community. Ongoing interaction among users of a site, and between the users and the site itself, generate additional traffic and increases the site's stickiness. General communities attempt to engender strong user loyalty, similar to broadcast networks on television; each is designed to appeal to a large heterogeneous audience. Examples of general communities include Yahoo!, Snap, Go, AOL, MSN and AltaVista. Usually, the sites or services are not distinguished in any one area of content or commerce. As a result, they attempt to establish community through heavy branding activities. However, just as broadcast networks lose viewers to more specific cable networks, sites that establish community only through branding often lose users to more specific topical communities that provide in-depth, sophisticated information on fewer topics.

Both topic-specific communities and general sites allow users with similar interests to interact and access content and functionality that is specifically tailored to their interests. For instance, while *Geocities.com* is a "general" site, it creates "neighborhoods" of Web pages maintained and created by individuals having similar interests or hobbies, such as scuba diving or French

literature. Similarly, The *Globe.com* establishes "clubs" where users can meet others who share interests, debate, ask questions, get support and discuss a particular topic. High-level topic areas for The *Globe.com* include careers, real estate, news, government and geography. Interactive communities on specific topics promote stickiness as users become heavily invested in advancing their positions and gaining detailed knowledge on a particular topic. The legal issues associated with the free-form exchange of information (irrespective of its accuracy) from often anonymous and highly energized individuals and companies are too numerous and significant to address in this article.

The Internet has also created an explosion of co-branding activities. Co-branding occurs when one party allows extensive use of its brand by another party on its site and perhaps in other media. These deals are generally motivated by a party's perception that its site and/or associated business can be improved by association with the brand and/or content of the other, and usually, vice versa. Additionally, co-branding deals often provide valuable technology or market access to a larger company moving from a "brick and mortar" to a "click and mortar" model, and simultaneously validate the business strategy or technology employed by the smaller company. Often, the smaller company sells equity to the larger company, then promptly goes public (benefiting both parties) after receiving the endorsement or validation from the larger company. Among other issues, the legal dynamics of co-branding demand that the lawyer address proper trademark licensing and control provisions, advertising and endorsement issues.

Acquiring and Creating Commerce

E-commerce is the primary reason for the recent explosion of the Internet. Whether traditional business-to-consumer e-tailing (*e.g., CDNow.com* and *Amazon.com)* or the relatively new reverse-auction excess inventory business-to-business model (*e.g., tradeout.com)*, companies are exploiting the efficiencies of the Internet.

The most mature commerce model on the Internet is advertising through direct ad sales. This model has been supplemented by the advent of advertising networks where an advertising sales company sells advertising inventory across multiple unrelated sites. Double Click is by far the best known of these types of advertising network providers. Most ad buys are formulated around a value for the number of impressions and page views, which means how many times a particular ad was "served" to a visitor to the site and how many times a distinct user viewed a particular page. Other advertising vehicles have less structured criteria; for example, a sponsorship involves greater negotiation concerning the value of the sponsorship based on the placement, prominence and persistence of the branding or sponsorship indicia throughout a Web site. In addition to traditional advertising-related legal issues, sites dealing in potentially regulated subject matters such as healthcare and insurance sites must also contend with applicable regulatory rubrics before accepting and placing advertising.

Most sites recognize advertising income as ancillary to their main sources of income. There are simply too many sites to guarantee that the penetration for each impression has significant value. Advertisers worry that users are becoming immune to button, banner and link advertising and that users may adopt technological methods to screen out impressions. The waning of the advertising model coincides with a flood of new e-commerce-oriented business models on the Internet, including everything from auction and travel inventory sites to subscription-based premium content sites. E-bay is the most well known auction site and has garnered tremendous attention from the technology press, traditional press and investment communities. E-bay allows a person to auction an item in a transaction facilitated and somewhat moderated by e-bay. Success breeds imitation, as approximately 1,000 auction sites now operate on the Internet.[1]

Another hugely successful e-commerce model made possible by the Internet is the reverse auction, ushered in by *priceline.com*. In a reverse auction, instead of potential purchasers bidding against one another for an item, suppliers respond to prices offered by a potential purchaser for a common item. *Priceline.com*'s claim to fame is not only the establishment of the first successful reverse auction site on the Internet, but issuance of a patent on the method of operating a reverse auction on the Internet. Knowledge of business method patents (from an offensive, defensive and investment perspective) is critical to lawyers counseling clients in the Internet space.

One of the most important aspects of commerce on the Internet is the "back office" activity of consummating the transaction online (including sales tax and shipping calculations) and integrating the entire transaction into a general accounting, inventory, shipping and fulfillment system in such a manner that the purchaser receives reliable, timely service in a user-friendly fashion. Three years ago, new e-commerce sites were built from the ground up by internally engineering all aspects of the transaction. The company would build or have built its own front-end presentation, credit card verification and processing systems, advertising placement and "shopping cart" and personalization technologies. Today, these components are readily available from vendors at significant cost savings. Once the actual site is built through various vendors, decisions must be made concerning hardware to physically host the site, where the

hardware will be located, what type of redundancy is needed (i.e., will the site be co-located in case the primary server goes down?) and, perhaps most importantly, what type of telecommunications services will be used to connect to the Internet. A lawyer's lack of familiarity with the infrastructure required and the legal issues attendant with each of the associated technologies and services can slow the consummation of the deal and reduce the effectiveness of the advice rendered.

The Perfect Keiretsu – Web Portals and Vortals

No discussion of content, community and commerce on the Internet would be complete without a discussion of portals and vortals. Search engines initially indexed the content of others, but eventually realized that transferring the user away from the search engine to another site hosting the desired content decreased the number of eyeballs on the site and its stickiness. Accordingly, many older-style search engines have now evolved into a "portal," that is, a site having complex and comprehensive content in addition to a search engine at its core, in hopes of retaining eyeballs and increasing stickiness. Some portals deliver in-depth information and content on a particular industry or topic and are increasingly referred to as "vortals." Examples are *WebMD.com* for healthcare information and The *Street.com* for investing information. These sites are attractive to advertisers and partners due to traffic volume and demographics (*e.g.*, motivated healthcare consumers and active investors make up the bulk of traffic).

Portals such as Yahoo!, Excite, Netcenter and Lycos attract and retain visitors through carefully balancing and shaping their content, commerce and community. They develop and reinforce community with sophisticated advertising conducted off line (*e.g.*, "Do You Yahoo?"), they drive visitors attracted by the hopes of locating specific content, and they add to their profit margins by offering compelling e-commerce opportunities for users on the portal itself. Larger portals also compete by offering functionality or services that once would have been available only for a fee from other technology providers. For example, Yahoo! offers its members services such as e-mail accounts, access to sophisticated and proprietary investment information, personalized start pages, online games and chat opportunities with celebrities. These service and branding relationships are often accompanied by a corresponding investment of the portal in the technology provider and vice versa. Thus, the portal version of Web keiretsu has resulted from a healthy dose of equity investments with bartering or selling some aspect of the portal's own content (*e.g.*, prioritized search capabilities), community (*e.g.*, allowing a third party service provider access to portal users or to the portal's brand, often for a commission) or commerce (*e.g.*, striking exclusive relationships with particular e-commerce providers, for a fee and/or commission).

All this Business – Where's the Law?

The lack of state and federal government involvement in the Internet through legislation and regulation is rapidly ending. Congress recently has seen the introduction of many bills affecting privacy of online consumer data,[2] refinements to the Communications Decency Act, an anti-cybersquatting law,[3] electronic identity theft laws[4] and federal law related to the creation and validity of electronic signatures.[5] Similarly, commercial law continues to grapple with establishing updated state standards for online transactions via the Uniform Electronic Transactions Act[6] ("UETA") and the enforceability of online agreements via the Uniform Computer Information Transactions Act[7] ("UCITA"), the progeny of the failed efforts to codify UCC Article 2B. This trend will only accelerate, adding yet another layer of analysis and consideration for transactional attorneys working with Internet companies.

Conclusion

The Internet exemplifies the adage "change is the only constant." Although the specifics of Internet deals are constantly evolving, often due to revolutionary changes caused by technology paradigm shifts, the goal of all deals can be traced to developing or gaining content, community and commerce. To give effective legal advice, the transactional attorney must keep pace with rapidly changing legal issues and understand how players in a client's e-commerce business interact in the Internet space to build and maintain content, community and commerce for their sites and businesses.

James A. Harvey is a partner in the technology practice group at Alston & Bird. Harvey is currently a member of the board of editors of The Computer Lawyer *and former chair of the Computer Law Section of the State Bar of Georgia. Harvey received his J.D. degree, with honors, in 1988 from the University of North Carolina at Chapel Hill.*

David S. Teske is an associate on the intellectual property transactional practice team at Alston & Bird, where he represents high-technology companies and larger end-users of technology in technology transactions. He also counsels clients in all aspects of patent practice. Teske attended the State University of New York at Buffalo, where he earned his J.D. in 1993.

Endnotes

1. Miguel Helft, *Toward A Perfect Market*, THE INDUSTRY STANDARD, Nov. 22-29, 1999, at 135.
2. These include Financial Services Modernization Bill, S. 900, 106th Cong. (1999) (enacted as Pub. L. No. 106-102 (1999)); Consumer's Right to Financial Privacy Act, H.R. 3320, 106th Cong. (1999) and S. 1903, 106th Cong. (1999); Defense of Privacy Act, H.R. 3307, 106th Cong. (1999); Electronic Privacy Bill of Rights Act of 1999, H.R. 3321, 106th Cong.; Online Privacy Protection Act of 1999, S. 809, 106th Cong.; Internet Consumer Information Protection Act, H.R. 2882, 106th Cong. (1999); Consumer Internet Privacy Protection Act of 1999, H.R. 313, 106th Cong.; Personal Data Privacy Act of 1999, H.R. 2644, 106th Cong. (1999).
3. Pub. L. No. 106-113, 113 Stat. 1501.
4. Identity Theft and Assumption Deterrence Act of 1998, Pub. L. No. 105-318, 112 Stat. 3007.
5. Electronic Signatures in Global and National Commerce Act, H.R. 1714, 106th Cong. (1999); Promote Reliable Online Transactions to Encourage Commerce and Trade (PROTECT) Act of 1999, S. 798, 106th Cong.
6. National Conference of Commissioners on Uniform State Laws <*http://www.law.upenn.edu/library/ulc/uecicta/uetast84.htm*>.
7. National Conference of Commissioners on Uniform State Laws <*http://www.law.upenn.edu/library/ulc/fnact99/1990s/ucita.htm*>.

Morningstar pickup 12/99 p61

E-Commerce Taxation Issues for Online Businesses

By James R. Eads Jr. and David F. Golden

Introduction

Electronic commerce, "e-commerce," is changing the way the world conducts busi ness. The following statistics illustrate the magnitude of the change. It took four years to register the first one million domain names, but only three months to make the jump from 4 million to 5 million domain names.[1] One hundred fifty-four Internet-related initial public offerings ("IPO") of stock raised $13 billion through August 1999.[2] And United States e-commerce will grow from approximately $20 billion in 1999 to $184.5 billion in 2004.[3]

The "virtual trade route" has supplanted many traditional forms of commercial interaction and the tax consequences of this change may be staggering. Governments in the United States and all across the globe are examining the implications of these changes and trying to determine whether the fiscal impact is sufficient to merit significant changes in their tax systems. This article will examine the issues presented to taxpayers and the challenges presented to federal, state, and local tax systems by the phenomenal growth of e-commerce. The article also will discuss how the tax concepts developed through legislation and litigation over the past decades can be both beneficial and detrimental to taxpayers who seek to conduct their business in the virtual world.

I. Federal Income Tax Issues

At the federal income tax level, e-commerce does not present any significant unique issues. All domestic businesses are taxed on worldwide income regardless of where that income is generated.[4] While the federal

income taxation of e-commerce transactions is straightforward, source-of-income concepts do play a central role in the international taxation of e-commerce.

A. Source of Income

Generally, the country where income is generated has a right to tax such income,[5] but the country where the business is located also may have a claim to tax such income.[6] Double taxation is generally avoided, though, through the use of a credit or exemption system.[7] The challenge in the world of cyberspace, therefore, is to determine the source of the income.

The source of income is generally where the economic activity occurs creating the income.[8] In the world of e-commerce, though, it is virtually impossible to apply traditional source concepts that link an item of income with a specific geographic location.

B. Residence of Taxpayer

In light of this, the Internal Revenue Code often looks to the residence of the taxpayer.[9] In the case of a corporation, its residence is generally where the business is incorporated.[10] In contrast, the residence of a partnership or limited liability company is generally the residence of its partners or members.[11]

C. Tax Treaties

When dealing with international tax issues, however, the practitioner also must analyze any applicable income tax treaty to determine its effect on the transaction. Tax treaties generally give the resident country an unlimited right to tax income while limiting or eliminating the source country's right to tax.[12] Tax treaties typically provide that the presence of a permanent establishment is justification for the source country to subject the income to tax.[13]

D. Permanent Establishment

A permanent establishment created by a taxpayer allows a country a basis to impose a tax on the taxpayer. However, the question arises whether a computer server owned or leased by a domestic business located in a foreign country rises to the level of a permanent establishment, thereby permitting the foreign country to tax the income earned by the domestic business. A permanent establishment generally does not include the use of facilities solely for the purposes of storage, display, or

delivery of goods or merchandise.[14] For businesses that sell information rather than goods, a computer server might be considered the equivalent of a warehouse.

The Organization for Economic Cooperation and Development is studying this issue and has developed the preliminary conclusion[15] that, generally, a Web server that only displays advertising or other information will not result in a permanent establishment.[16] Furthermore, the activity may constitute a permanent establishment if the Web server displays information and takes orders (including credit card or other information).[17] Finally, a fully automated Web server that displays information, takes orders and delivers digital goods or services likely creates a permanent establishment.[18]

E. Engaged in a Trade or Business

The Internet enables foreign businesses to easily penetrate the United States marketplace. When may the United States subject such a business to income taxation? Generally, a foreign entity must be engaged in trade or business in the United States or receive fixed or determinable annual periodic income from United States sources in order to be subject to United States taxation.[19] As such, a foreign person not physically present in the United States but who merely solicits orders from within the United States only through advertising and sends tangible goods to the United States in satisfaction of those orders is unlikely to be engaged in a trade or business in the United States.[20] This holding should likely protect many foreign e-commerce enterprises.

In short, the federal income tax issues that affect e-commerce are basically the same as those that affect regular commerce and include an analysis of source of income, the residence of the taxpayer, tax treaties, permanent establishment, and the request that the entity be engaged in a trade or business.

II. State and Local Tax Issues

A. Sales Taxes

Perhaps the most vexing issue in the taxation of e-commerce from the state and local government perspective, is sales tax.[21] More and more state and local governments are dependent upon sales tax revenues to pay for government services.[22] As the value of e-commerce transactions grows, state and local governments are concerned that the sales tax base upon which they rely so heavily will be eroded.

1. In-State Taxpayers

It is a well-established principle that states have broad authority to require a business to collect sales tax when the business has property or employees in a state.[23] States imposing a sales tax on property often limit the sales tax to tangible personal property located or used within the state.[24] While some states tax certain services, including digital services, the general rule is that services are exempt from sales tax.[25] Thus, computer services could go largely untaxed.

2. Out-of-State Taxpayers – *Quill Corp. v. North Dakota*

In sharp contrast to the in-state business scenario, states have limited authority to cause an out-of-state vendor selling property to or conducting transactions with residents of the state to collect the sales tax. A state's ability to cause out-of-state vendors to collect sales tax on transactions to the state's residents is limited by the Commerce Clause of the United States Constitution. The seminal case in this area is *Quill Corp. v. North Dakota*.[26]

In the *Quill* case, Quill sold office supplies and equipment via catalogs and flyers.[27] All North Dakota orders were delivered by common carrier from out-of-state locations: no Quill employees worked in North Dakota, and Quill had no significant property ownership within the state.[28] Notwithstanding the fact that Quill had no "physical presence" in North Dakota, that state attempted to require Quill to collect sales tax on sales made to North Dakota residents.

The Supreme Court noted that North Dakota's ability to require Quill to collect the sales tax was limited by both the Due Process Clause and the Commerce Clause of the United States Constitution.[29] In its due process analysis, the Supreme Court relied on personal jurisdiction principles and rejected the requirement that Quill have a physical presence in the state.[30] Accordingly, because Quill purposefully directed solicitations to North Dakota, the Court ruled that requiring Quill to collect sales tax did not violate the Due Process Clause.[31]

The Court, under its Commerce Clause analysis, though, found that requiring Quill to collect the sales tax was unconstitutional.[32] The Court found that in order to comply with the Commerce Clause, Quill must have a "physical presence" in the state, either through employees or by owning or leasing property, such as real estate, in the state.[33] Since Quill had no such physical presence in the state, the Supreme Court held that North Dakota could not mandate that Quill collect sales tax on its sales to North Dakota residents.

3. Use Tax

One should note that even though a state may not require an out-of-state vendor to collect the tax from the purchaser, states do have a mechanism for collecting tax on property purchased elsewhere. States impose a use tax on property used within the state if the property is purchased out-of-state and then brought into the state.[34] For

example, if a resident of Georgia purchases property in South Carolina for use in Georgia, Georgia requires that the resident pay a use tax equal to the tax the resident would have paid had the property been purchased in Georgia.[35] The dilemma for the taxing authority, though, is that the ability to collect this tax depends upon the consumer's voluntary remittance of the tax. Since very few consumers are willing to voluntarily remit this use tax, and since the agencies generally have no vehicle to enforce this payment, the tax is generally not considered as an attractive alternative to the sales tax.

With sales and use taxes, e-commerce retailers will face the familiar issues of an in-state vs. out-of-state presence. As a result of the constitutional limitations inherent in taxing out-of-state vendors, state and local governments may have a difficult time taxing Internet transactions unless a vendor has a physical presence within the state. Likewise, the mode of transacting business on the Internet makes it difficult to determine what actually constitutes a "physical" presence. Is the presence of a Web server in a state a sufficient physical presence as required by the Commerce Clause? Based on the *Quill* case, it is more likely that states will have to rely on Congress's plenary authority under the Commerce Clause to prescribe rules regarding the states' sales taxation of e-commerce.[36] With its ability to regulate interstate commerce, Congress (as opposed to individual states) would certainly be in a better position to require vendors to collect sales tax on sales to residents of states where the seller has no physical presence.[37]

With sales and use taxes, e-commerce retailers will face the familiar issues of an in-state vs. out-of-state presence.

B. Income Taxes

As with the imposition of sales taxes, the physical presence of a business within the jurisdiction of a governmental authority gives a state or local government the ability to impose an income tax on that business. There has been, however, at least one court which has held that a state may subject an out-of-state business to that state's income tax even though the business had no physical presence within that state.

1. The Seminal Case - *Geoffrey, Inc. v. South Carolina Tax Commission*

In *Geoffrey, Inc. v. South Carolina Tax Commission*,[38] the South Carolina Supreme Court upheld the imposition of an income tax on Geoffrey, Inc., a non-resident taxpayer that had no physical presence in South Carolina. In that case, Toys R Us, Inc., formed Geoffrey, Inc., in Delaware as a wholly-owned subsidiary.[39] Geoffrey had no employees, officers, or property in South Carolina.[40] Geoffrey entered into a licensing agreement with Toys R Us allowing the company to use certain trade names and trademarks in consideration for a one percent royalty fee,[41] and at that time, Toys R Us had no South Carolina stores. In 1985, Toys R Us commenced doing business in South Carolina and deducted the royalty payments from its South Carolina income.[42] The South Carolina Tax Commission imposed a corporate license fee and an income tax on Geoffrey's royalty income.

In the *Geoffrey* case, the taxpayer employed a technique known as the Delaware Holding Company. This technique is designed to reduce the overall state and local tax burden by moving the situs of certain types of passive income, such as royalties, to Delaware, which does not subject such income to taxation. The key behind the technique is to generate an income tax deduction for the payment of the royalties while not creating an offsetting income item for state and local income tax purposes.

The South Carolina Supreme Court held that the licensing of intangibles for use in South Carolina created the minimum contacts with the state as required under the Due Process and Commerce Clauses.[43] The court also held that Geoffrey "purposefully directed" its activities toward South Carolina despite the fact that Toys R Us did not have any South Carolina stores at the time it entered into the licensing agreement with Geoffrey. These contacts, the court found, were made through Geoffrey's licensing of its various trademark and tradenames in various states,[44] of which South Carolina was one. The court then concluded that because Geoffrey "contemplated and purposefully sought the benefit of economic contact with those states"[45] and failed to "prohibit[] the use of its intangibles"[46] in South Carolina as it had done with other states in its licensing agreement, Geoffrey's activity met the minimum connection requirement for due process purposes.[47] Not surprisingly, other states have sought to adopt this reasoning and many have since codified *Geoffrey*'s holding.[48]

2. Contrasting Results of the *Geoffrey* Reasoning

Following the analysis of *Geoffrey*, a state can attempt to tax an e-commerce business with no physical presence in the state provided that the business purposefully directed activities toward the state. The analysis supporting this argument is consistent with the analysis for determining whether a plaintiff may obtain personal

jurisdiction over a defendant in a particular forum. There have been several cases that have applied this personal jurisdiction principle in the context of e-commerce with varying outcomes.[49]

For example, in *Bensusan Restaurant Corp. v. King*,[50] the court ruled that placing an advertisement on an Internet Website located on a computer server in Missouri did not establish a minimal nexus with New York. More specifically, the court determined that the mere fact that residents in New York accessed a business's Internet Web site (which merely advertised the business, a jazz club in Columbia, Missouri, and gave instructions to call the club to order tickets) was insufficient to constitute the minimal connection necessary under the Due Process Clause for personal jurisdiction purposes between Missouri and the party in New York.[51]

The case involved a New York corporation (Bensusan) which sued King, a Missouri resident, for trademark infringement. King moved to dismiss the action, alleging that a federal court in New York, applying New York statutory and federal constitutional law, did not have jurisdiction over him.[52] Bensusan responded that by establishing an Internet Website that was accessible by New Yorkers (and which was foreseeably so accessible) King did have the requisite minimal nexus with New York to impose jurisdiction over him.[53] The court concluded that placing an advertisement on an Internet Website located on a computer server in Missouri did not establish a minimal nexus with New York.[54] Thus, based upon the holding of the *Bensusan* court, a state could not subject an Internet seller to such state's income tax simply because the Internet seller's Website is accessible by residents of that state.

While the foreign corporation was not held subject to a state's taxation in *Bensusan*, the court in *Inset Systems, Inc. v. Instruction Set, Inc*.[55] reached a contrary conclusion. There, the court ruled that a foreign corporation was subject to jurisdiction by a state in which its sole contact was through the Internet.[56] Inset Systems argued that the defendant's repeated solicitation of business within Connecticut via Internet advertisements subjected it to personal jurisdiction in that state.[57] The defendant did not have any employees or offices in Connecticut and did not conduct business in Connecticut on a regular basis.[58] The District Court agreed, holding that advertising via the Internet satisfied the requirements of the Connecticut long-arm statute.[59] Therefore, a state taxing authority using the rational of *Inset* could attempt to subject an Internet seller to income taxation in that state, even though the seller had no physical presence in the state.

One can see that, with respect to income tax, e-commerce retailers face a fairly unsure future, especially as state and local authorities attempt to take the existing tax templates and overlay them on the Internet's never-before-seen landscape.

III. Legislative Issues

A. Public Law 86-272

In addition to the evolving case law, there are also interesting income tax concerns with the effect of e-commerce on legislative efforts. For example, Public Law 86-272[60] limits the power of a state to impose income taxes on an out-of-state seller of tangible personal property when the seller's interstate activities are confined to solicitation of sales.[61] Taxpayers who accept orders *within* a state, however, exceed the protection granted by this statute.[62] Arguably, a state may contend that posting a home page with an internet service provider having an in-state presence, combined with the homepage's instantaneous acceptance of orders and receipt of immediate payment, is the equivalent of accepting an order within the state of the customer's location. Thus, such sales would be subject to income taxation by the state. If successfully argued, this argument could have profound impact on the current income tax scenario for e-commerce.

B. The Internet Tax Freedom Act of 1998 and its Advisory Commission on Electronic Commerce

Realizing the impact that the taxing of e-commerce could have, both positive and negative, President Clinton signed into law the Internet Tax Freedom Act ("ITFA") in October 1998.[63] The ITFA achieved three significant objectives. First, it imposed, for a three-year period, a moratorium on state and local taxation of Internet access;[64] second, it imposed for the same three-year period a moratorium on "multiple" and "discriminatory" state and local taxation of e-commerce; finally, it created the Advisory Commission on Electronic Commerce. The purpose of the Commission is to undertake a comprehensive study of federal, international, and state and local tax issues relating to e-commerce as well as study simplification of telecommunications taxes and tax issues relating to all forms of remote commerce.[65]

Despite the controversy surrounding the issue of qualification of the appointees, the Commission held its first meeting in July 1999 and elected Governor James Gilmore of Virginia as its Chairman. Although the Commission has a broad mandate, it has concentrated its attention on state and local issues, specifically sales and use taxes applicable to sales of goods and services occurring in interstate commerce both on and off the Internet. The Commission found early in its deliberations that the state and local tax issues presented by e-com-

merce, and indeed by all interstate sales protected from sales and use taxation by the decision in *Quill*, were complex and did not lend themselves to easy or quick resolution.

As a result, at its September 1999 meeting, the Commission issued a public request for proposals for a system of state and local sales and use taxation that would work in the commercial environment that exists today. At the time of this writing, the Commission is scheduled to hold its third meeting at which it will consider the numerous proposals that it has received in response to its request. To date more than 30 proposals have been received, with two of these — the Gilmore Plan and the Leavitt Plan — receiving the most attention.

1. The Gilmore Plan – A Tax-Free Internet

The first is from Governor Gilmore, the Commission Chairman.[66] Governor Gilmore's proposal is far reaching. Its underlying premise is that government, through its tax policies, should not burden e-commerce. To that end, the Governor has proposed the following:

- The federal moratorium on Internet taxes should be amended to prohibit all sales taxes on remote business-to-consumer transactions facilitated by the Internet, including the sale of tangible or intangible goods and property, intellectual property, digital goods, services, securities, information and content, and entertainment;
- Amend Public Law 86-272 to create a single uniform jurisdictional standard for applying income tax to all companies engaged in interstate commerce, that standard being "substantial physical presence," and to codify a clear definition of "substantial physical presence" in a way that protects companies from unfair taxation due only to Internet-based presence;[67]
- Prohibit all taxes on Internet access by eliminating the "grandfather" clause in the ITFA;
- Abolish the federal three percent excise tax on telephone service in phases, repealing two percent of the three percent tax immediately and repealing the remaining one percent after three years. [68] The states would receive the proceeds from the transitional one percent tax in return for simplifying their taxes;
- Negotiate and promote the elimination of international tariffs on the Internet; and
- Amend federal welfare guidelines to permit states to spend Temporary Assistance to Needy Families ("TANF") surpluses to buy computers and Internet access for needy families.

2. The Leavitt Plan – A Taxed Internet via Trusted Third Parties ("TTPs")

In sharp contrast to Gilmore's proposal, the second proposal that has received considerable advance attention was submitted by the National Governors' Association ("NGA"), headed by Governor Mike Leavitt of Utah, also a member of the Commission.[69] The premise underlying the NGA proposal is that the tax system is too complex and must be reformed to facilitate the collection of tax on all forms of commerce. To that end the NGA proposed the creation of a "zero burden system" over the next two to five years. The system would include the following features:

- It would be a voluntary, no-cost system of collecting sales and uses taxes;
- There would be no changes to current definitions of nexus;
- Change would occur to state laws and would standardize administrative procedures;
- Adopting new technology would be a centerpiece of the system;
- State action only would be involved, no federal action would be required;
- No audit or cost risks would accrue to sellers unless negligence or fraud was present;
- The essential element of the system would be the use of TTPs; and
- States will implement uniform laws, administrative practices, TTP technology, and collection systems within 18 months. Both governments and business would design the system.

Participating governments would contract with one or more TTPs to operate the tax administration system. The TTP would be responsible for receiving required information on transactions from the seller and providing software for determining the taxability of transactions, appropriate state and local tax rates, and the amount of tax due. The TTP would provide tax information to sellers at the time of sale before completion of the transaction. TTPs would enter into arrangements with credit card and other electronic payment processors so that taxes owed to state or local governments may be remitted directly to the TTP for transmittal to the appropriate authority.

The TTP also would be responsible for providing all transaction and return information to the government along with the tax remittance. Transactions using the system would be presumed to have the correct tax calculated and paid by the purchaser. TTPs would be paid by states and localities on a "per transaction-negotiated rate" basis (either a flat per transaction rate, percentage rate, or combination). The participating seller's only obligation would be to integrate its business system with that of the TTP. The costs of integration would be reimbursed by the TTP. The seller would not be subject to tax audits by the states, but would be subject to a periodic single, centralized "system check" performed on behalf of all of the governmental authorities. The TTPs would be expected to

provide financial incentives for sellers to enter the system and to sign up with a particular TTP.

The Gilmore Plan and the Leavitt Plan represent the probable extremes of the various options presented to the Commission. There are strong interests on both sides of every issue and the Commission faces some difficult debate and tough decisions. Clearly, though, the very foundation of state and local sales tax collection is under scrutiny and could be impacted by the Commission's recommendations.

Conclusion

The conduct of business has already been dramatically changed by the advent of technology and e-commerce and even greater change can be expected over the next five years. The tax laws enacted for the economy of the twentieth century may not fit the economy of the next century. However, these changes present tax planning opportunities for businesses which seek to minimize not only their tax liability, but also their costs of complying with existing tax regimes. In addition, the changes also pose fiscal challenges for governments and necessitate a healthy debate about tax policies. Those who advise businesses about tax matters will need to watch this debate closely and be vigilant in the representation of their clients.

David F. Golden is a partner in the Troutman Sanders LLP tax section and a member of the trust & estates group. His work includes planning, compliance, transactions, estate planning and civil tax controversies. He received his undergraduate degree in 1978, summa cum laude, *from Ohio State University. He received his law degree in 1984,* cum laude, *Order of the Coif from the University of Georgia where he was managing editor of the* Law Review. *He received his Masters of Law in Taxation in 1990 from Emory University School of Law.*

James R. Eads Jr. is a partner with Ernst & Young where he is the national director of electronic commerce and Telecommunications state & local tax services. Prior to joining Ernst & Young in April, 1999, he was a senior attorney for tax law & government affairs with AT&T Corp. He is first vice president of the National Tax Association (NTA). He graduated from the University of Arkansas School of Law and the University of Arkansas College of Business Administration.

Endnotes

1. Maryann Jones Thompson, *Tracking the Internet Economy: 100 Numbers You Need to Know*, The Industry Standard Online Edition *<http://www.thestandard.com/metrics/display/0.1249.978.00.html>, citing* Network Solutions, Sept. 13, 1999.
2. *Id.*
3. Chris Olson, *Clicks and Mortar Midlands Retailers Take Flight Into Cyberspace*, OMAHA WORLD HERALD, Nov. 14, 1999, at 1m.
4. I.R.C. § 61 (RIA 1999).
5. JOEL D. KUNTZ & ROBERT J. PERONI, U.S. INTERNATIONAL TAXATION § A1.02 (1996).
6. *Id.*
7. I.R.C. § 901 (RIA 1999).
8. *Id.* §§ 861, 862, 863, 865. Source, rules, though are not consistently applied.
9. *Id.* §§ 861(a)(1), 862(a)(1).
10. *See, e.g.*, Treas. Reg. § 1.861-2(a) (as amended in 1997).
11. I.R.C. § 865 (RIA 1999).
12. KUNTZ & PERONI, *supra* note 5, § C4.01.
13. *Id.* § C4.05.
14. *Id.*
15. David Hardesty, *International Income Tax Update*, July 9, 1999, *<http://www.ecommercetax.com/doc/070999.htm>*.
16. *Id.*
17. *Id.* No consensus has apparently been reached here.
18. *Id.*
19. I.R.C. §§ 881, 882(A)(1) (RIA 1999).
20. Piedras Negras Broad. Co. v. Commissioner, 43 B.T.A. 297 (1941), *aff'd*, 127 F.2d 260 (5th Cir. 1942).
21. John Mikesell, *Retail Sales Taxes and E-commerce: Is There Hope?*, State Tax Notes, Mar. 23, 1998, at 903.
22. *Id.*
23. *See, e.g.*, O.C.G.A. § 48-8-2(3) (Supp. 1999).
24. Walter Hellerstein, *The Law of Sales Taxes in a Cyberspace Economy*, State Tax Notes, July 12, 1999, at 111.
25. *Id.*
26. 504 U.S. 298, 112 S. Ct. 1904 (1992).
27. *Id.* at 301, 112 S. Ct. at 1907.
28. *Id.*
29. *Id.* at 305, 112 S. Ct. at 1909.
30. *Id.* at 306-08, 112 S. Ct. at 1909-11.
31. *Id.* at 508, 112 S. Ct. at 1911.
32. *Id.* at 318, 112 S. Ct. at 1916.
33. *Id.* at 317, 112 S. Ct. at 1916.
34. Hellerstein, *supra* note 24, at 112.
35. O.C.G.A. § 48-8-30(c) (Supp. 1999).
36. Prudential Ins. Co. v. Benjamin, 328 U.S. 408, 66 S. Ct. 1142 (1946).
37. *Quill*, 504 U.S. at 318, 112 S. Ct. at 1916.
38. 313 S.C. 15, 437 S.E.2d 13 (S.C. 1993). For an excellent review of the *Quill* and *Geoffrey* decisions see, Christina R. Edson, *Quill's Constitutional Jurisprudence and Tax Nexus Standards in an Age of E-commerce*, 49 TAX LAW. 893 (1996).
39. 313 S.C. at 16, 437 S.E.2d at 15. The taxpayer employed a technique known as the Delaware Holding Company. This technique is designed to reduce the overall state and local tax burden by moving the situs of certain types of passive income, such as royalties, to Delaware, which does not subject such income to taxation. The key behind the technique is to generate an income tax deduction for the payment of the royalties while not creating an offsetting income item for state and local income tax purposes. The Fulton County Superior Court approved this technique in *Aaron Rents, Inc. v. Collins*, No. D-96025 (Jun. 27, 1994).
40. 313 S.C. at 16, 437 S.E.2d at 15.
41. *Id.* at 17, 437 S.E.2d at 15.
42. *Id.*
43. *Id.* at 18, 437 S.E.2d at 16.

44. *Id*.
45. *Id*. at 19, 437 s.E.2d at 16.
46. *Id*.
47. *Id*.
48. *See, e.g.*, Fla. Admin. Code Ann. r. 12C-1. 011(1)(p) (1997); 34 Tex. Admin. Code § 3.549(e)(30) (1997). The holding, though, was specifically rejected by an Administrative Law Judge in Alabama, in *Cerro Copper Products, Inc. v. State Department of Revenue*, No. F. 94-444, 1995 WL 800114 (Ala. Dep't of Rev. Dec. 11, 1995).
49. *See, e.g.*, Bensusan Restaurant Corp. v. King , 937 F. Supp. 295 (S.D.N.Y. 1996), *aff'd*, 126 F.3d 25 (2d Cir. 1997); Inset Sys., Inc. v. Instruction Set, Inc., 937 F. Supp. 161 (D. Conn. 1996); Jewish Defense Org., Inc. v. Superior Court, 72 Cal. App. 4th 1045, 85 Cal. Rptr. 2d 611 (1999).
50. 937 F. Supp. 295.
51. *Id*. at 297.
52. *Id*.
53. *Id*. at 299.
54. *Id*. at 301.
55. 937 F. Supp. 161.
56. *Compare Inset*, 937 F. Supp. 161 *with Jewish Defense Org*., 72 Cal. App. 4th 1045, 85 Cal. Rptr. 2d 611 (Website availability not sufficient).
57. *Inset*, 937 F. Supp. at 164.
58. *Id*. at 162-163.
59. *Id*. at 164.
60. 15 U.S.C.A. §§ 381-391 (1997).
61. *Id*. § 381(a).
62. *Id*.
63. Pub. L. No. 105-277, tit. XI, 112 Stat. 2681, 2681-719 to 2681-726 (1998).
64. Jurisdictions that had "generally imposed and actually enforced" a tax on Internet access prior to the effective date of the ITFA were grandfathered and were not effected by the moratorium. Georgia was not among the jurisdictions grandfathered.
65. The address for the Commission's Website is <*http://www.ecommercecommission.org*>. The Commission consists of 16 members appointed by the leaders of Congress plus three members of the President's administration, the Secretaries of Treasury and Commerce and the United States Trade Representative.
66. A description of all proposals submitted to the Commission may be found at <*http://www.ecommercecommission.org/proposal.htm*>.
67. This recommendation was originally proposed by Commissioner Dean Andal, a member of the Board of Equalization of the State of California.
68. This proposal was originally put forth by Commissioner Grover Norquist.
69. The NGA proposal may be found at <*http://www.nga.org/Internet/Proposal.asp*>.

Henning Mediation pickup 12/99 p89

Insurance Specialists new pickup 12/99 page 53

Patent Protection for Business Methods: E-Commerce and Beyond

By Bradley K. Groff

Heather Widge, president of Widget Co., has called you for advice on how to protect her newly developed method of marketing widgets. Prior to installation, modern-day widgets must be stored in an atmosphere rich in carbon monoxide and must be rotated periodically. In the past, this requirement has dictated that widget sales be tied to local distribution centers equipped with expensive carbon monoxide tumblers. Heather's innovation is to dispatch a mobile sales force mounted on mopeds to hawk Widget Co.'s widgets to a captive audience of commuters trapped in traffic on Atlanta interstates. The ever-present cloud of automotive exhaust fumes will provide the necessary level of carbon monoxide, and the widgets will be rotated by being attached to the wheels of the mopeds. In addition to greatly increased product exposure, this marketing method will permit Widget Co. to sell several of its carbon monoxide tumblers and significantly increase its profit margins. Heather's innovation could allow Widget Co. to become the dominant force in the local widget market and possibly even become a national or international widget powerhouse. However, Heather

knows that her competitors will be quick to adopt similar sales strategies if Widget Co. does not secure proprietary rights in the innovation.

Thinking back to your law school course on patent law, you advise Heather that methods of doing business are outside the scope of protection afforded by United States patent law. Based on your advice, Widget Co. does not seek patent protection for the innovation. Widget Co.'s sales experience a brief surge in volume during the first few months due to the increased product exposure. However, several competitors soon have their own sales force circling the perimeter on mopeds as well, and one year later Widget Co.'s market share has dropped back to where it began.

To add insult to injury, a year and a half later, Heather receives a letter from Widget Co.'s arch-rival, Thingumabob Inc. The letter includes a copy of United States Patent No. 7,000,000, recently issued to Bob Thinguma, for a Method of Marketing Widgets. The Thinguma patent describes and claims a method virtually identical to that developed by Heather and presently being used by Widget Co. Thingumabob's letter demands that Widget Co. cease and desist from using the patented method. Although it is unclear whether she or Thinguma was the first to invent the patented method, Heather is understandably upset that someone else was able to obtain a patent on a method that you advised her was unpatentable, and that Widget Co. is now forced to defend against a charge of infringing this patent.

Heather's plight may become commonplace in light of recent developments in the field of patent law. In years past, the policy of the United States Patent and Trademark Office allowed patent examiners to reject what were considered to be business method claims in patent applications, citing a judicially-created "business method exception" to patentability.[1] Patent examiners sometimes had difficulty determining whether a particular invention fell within this exception, and the policy was not universally enforced in more recent years.[2] Nevertheless, many businesses may have opted not to seek patent protection for innovations that could have been patentable, based on a belief that the Patent Office would classify the innovation as an unpatentable business method. Although some measure of protection may have been provided for business method innovations under the law of trade secrets or through creative claiming in a patent application, competitors could more easily appropriate such innovations in the absence of broader patent protection for business methods.

In *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*,[3] the U.S. Court of Appeals for the Federal Circuit (the court having exclusive appellate jurisdiction over patent cases) reversed a district court's invalidation of a patent under the business method exception, terming the exception "ill-conceived" and a "no longer applicable legal principle."[4] The Supreme Court denied certiorari, allowing the Federal Circuit decision to stand.[5] In laying to rest the business method exception, the Federal Circuit noted that "historical distinctions between a method of 'doing' business and the means of carrying it out blur in the complexity of modern business systems."[6]

According to the Federal Circuit, business methods henceforth should be considered "subject to the same legal requirements for patentability as applied to any other process or method."[7]

Legislation has recently been enacted in response to *State Street* that potentially limits the impact of business method patents by providing a limited defense to prior users of a patented business method.[8] However, in order to qualify for this defense, Heather will have to prove that she had actually reduced her invention to practice at least one year prior to the filing date of Thinguma's patent application.

The availability of patent protection for business methods has perhaps been most immediately embraced by Internet-related businesses, many of which have aggressively pursued patent protection for methods of conducting e-commerce via the Internet.[9] For example, *priceline.com* Inc., a successful online seller of airline tickets, has recently brought suit in the U.S. District Court of Connecticut against Microsoft Corp. alleging infringement of *priceline.com*'s patent for a buyer-driven Internet sales method.[10] *Priceline.com*'s patent is directed to a computer-facilitated "reverse-auction" sales method, whereby a buyer submits a price-specific conditional purchase offer, including credit card payment information, for acceptance by a seller. Microsoft subsidiary *Expedia.com* is accused of infringing *priceline.com*'s patent by using a similar method in its hotel price-matching service.

In another high-profile e-commerce-related patent infringement action, the online bookseller *Amazon.com* has brought suit alleging that Barnes and Noble's online presence, *Barnesandnoble.com*, has infringed *Amazon.com*'s patent for "one-click" ordering technology.[11] *Amazon.com*'s patent claims a method of placing an order in response to a single action (*i.e.*, one mouse click), without using a "shopping cart" ordering model, as had been done in the past. The patented method relieves repeat customers from the need to re-enter payment and shipping information, thereby speeding the transaction and reducing the likelihood that credit card information may be intercepted in transmission. *Barnesandnoble.com*'s "Express Lane" feature provides similar advantages and is alleged to infringe *Amazon.com*'s patent. *Amazon.com*'s Complaint alleges that its revenues for e-commerce in 1998 were over $600,000,000. A preliminary injunction was entered against *Barnesandnoble.com* on December 1, 1999. In a press release issued after the grant of the preliminary injunction, *Barnesandnoble.com* announced its accelerated changeover to a new order processing system, "Express Checkout," asserted to be a significant improvement over the Express Lane system, and outside the scope of *Amazon.com*'s patent.

Although the enforcement of business method patents by e-commerce ventures has grabbed the headlines in recent months, more traditional business entities also are taking advantage of patent protection for their business method inventions, both within and outside of Internet commerce. In particular, the banking and financial industries have aggressively jumped on the business method patent bandwagon. Patents have been obtained for a wide variety of banking and finance operations, such as opening a consumer checking account, funding a home investment trust, and pension planning. Service industries, insurers and a number of other traditional businesses also have been active in obtaining business method patents. Whether and to what extent the owners of these patents will seek to enforce them against competitors remains to be seen.

Subject Matter Eligible for Patent Protection

Patent protection is potentially available for a virtually limitless spectrum of business methods and industries. By way of example, a search of the United States Patent and Trademark Office's Internet patent database turned up the following recently issued patents:

E-Commerce:

United States Patent No. 5,960,411, to Hartman, et al., issued September 28, 1999, is directed to *Amazon.com*'s "one-click" ordering system.

United States Patent No. 5,949,044, to Walker, et al., issued September 7, 1999, claims a method for funds and credit line transfers.

United States Patent No. 5,794,207, to Walker, et al., issued August 11, 1998, is *priceline.com*'s buyer-driven purchase offer patent.

Inventory Control and Order Processing:

United States Patent No. 5,930,771, to Stapp, issued July 27, 1999, claims an inventory control and remote monitoring method for coin-operable vending machines.

United States Patent No. 5,926,796, to Walker, et al., issued July 20, 1999, claims a method for selling subscriptions to periodicals in a retail environment.

United States Patent No. 5,730,252, to Herbinet, issued March 24, 1998, claims a customer order preparation method for collecting items from a warehouse on a cart and comparing the weight of the cart with known weights of the items to confirm the order.

Service Industries:

United States Patent No. 5,940,481, to Zeitman, issued August 17, 1999, claims a parking management system.

United States Patent No. 5,933,810, to Okawa, issued August 3, 1999, claims a reservation management method for allocating a resource according to degrees of importance of reservations.

United States Patent No. 5,926,799, to Robinson, issued July 20, 1999, claims a computerized method for keeping track of the number and location of linens in hotels and other institutions.

Financial and Banking:

United States Patent No. 5,946,668, to George, issued August 31, 1999, claims a method for funding a home investment trust.

United States Patent No. 5,933,817 to Hucal, issued August 3, 1999, claims a tiered interest rate revolving credit system and method.

United States Patent No. 5,930,778, to Geer, issued July 27, 1999, claims a method for expediting the clearing of financial instruments and coordinating the same with invoice processing at the point of receipt.

United States Patent No. 5,930,775, to McCauley, et al., issued July 27, 1999, claims a method for determining an optimal investment plan for distressed residential real estate loans based on personal data about the borrower.

United States Patent No. 5,866,889, to Weiss, et al., issued February 2, 1999, claims a method for opening a consumer banking account.

United States Patent No. 5,799,287, to Dembo, issued August 25, 1998, claims a method for determining whether a given financial market instrument is fairly priced.

Insurance:

United States Patent No. 5,933,815, to Golden, issued August 3, 1999, claims a method of providing a lifetime income with liquidity.

United States Patent No. 5,926,792, to Koppes, et al., issued July 20, 1999, claims a method for managing a life insurance policy on behalf of a policy holder.

United States Patent No. 5,913,198, to Banks, issued June 15, 1999, claims a system and method for designing and administering survivor benefit plans.

United States Patent No. 5,878,405, to Grant, et al., issued March 2, 1999, claims a pension planning and liquidity management system.

The inventors of many potentially patentable business methods in these and other fields of industry may have overlooked the availability of patent protection in the past, based on an outdated belief that their innovations were outside the scope of available protection. In view of recent clarifications to the law repudiating the "business method exception" to patentability, it is important that business clients be counseled on the potential availability and consequences of patent protection for their business methods.

The Rise and Fall of the Business Method Exception

Section 101 of the patent statute enumerates four categories of invention that may be patented: processes, machines, articles of manufacture, and compositions of matter.[12] The courts have interpreted these categories expansively, finding "anything under the sun that is made by man" to be eligible for patent protection.[13] Nevertheless, the patent statute and judicial decisions interpreting the statute place limitations on the scope of subject matter that may be patented. For example, an invention must be novel[14] and non-obvious[15] to qualify for patent protection. Likewise, patent protection has been held by the courts not to extend to inventions that are no more than abstract ideas[16] or discoveries of phenomenon of nature.[17] These limitations to patentability are enforced in the United States Patent and Trademark Office when examiners reject non-complying claims of patent applications, and in the courts when issued patents are held invalid for claiming improper subject matter.

Prior to the Federal Circuit's decision in *State Street*, the Patent Office and the courts sometimes cited the judicially-created "business methods exception" as limiting the scope of patentable subject matter. For example, in *Hotel Security Checking Co. v. Lorraine Co.*,[18] the Second Circuit held invalid a patent directed to a cash registering and account-checking method designed to prevent fraud by waiters and cashiers in hotels and restaurants. The court found the patented invention to be outside the scope of patentable subject matter, stating "[a] system of transacting business disconnected from the means for carrying out the system is not, within the most liberal interpretation of the term, an art [patentable under the patent statute]."[19]

More recently, in *Ex parte Murray*,[20] the Board of Patent Appeals and Interferences (the administrative board within the patent office charged with deciding appeals from rejections by patent examiners) upheld the patent examiner's claim rejections based on a finding that the patent application claimed "a method of conducting

business, or providing a banking service, between a financial institution and its customers."[21] The Board considered the claimed invention to be "a vivid example of the type of 'method of doing business' . . . outside the protection of the patent statutes."[22] The Board distinguished the "method" claims under consideration from a claimed "system" for managing a cash account that was previously held to constitute patentable subject matter, noting that "[w]hereas an apparatus or system capable of performing a business function may comprise patentable subject matter, a method of doing business generated by the apparatus or system is not."[23]

The business method exception was not consistently applied by the courts after *Murray*. In its 1994 decision in *In re Schrader*,[24] the Federal Circuit suggested that the business method exception had fallen into disfavor. In *Schrader*, the Board of Patent Appeals and Interferences had denied patentability based on several alternate grounds, including the business method exception. The Board's decision cited *Murray* as binding precedent, precluding patentability for business methods. The Federal Circuit affirmed the Board's denial of patentability, finding the claims to be directed to an abstract idea in the form of a mathematical algorithm without any physical transformation. The court declined to address the business methods exception in view of its disposition of the case under the mathematical algorithm ground. Nevertheless, Judge Newman dissented from the majority decision in *Schrader*, arguing that the business methods exception was "poorly defined, redundant, and unnecessary."[25] The dissent noted that, even as the Board applied the business method exception, it had labeled the doctrine a "fuzzy" concept and sought guidance from the Federal Circuit in its application.[26] Judge Newman considered the doctrine an unwarranted encumbrance to the definition of statutory subject matter and argued in dissent for its retirement from the law.

The availability of patent protection for business methods has perhaps been most immediately embraced by Internet-related businesses.

The United States Patent and Trademark Office also distanced itself from the business methods exception when the section acknowledging the exception was omitted from the Office's 1996 Manual of Patent Examining Procedure ("M.P.E.P."). Previously, the M.P.E.P. had instructed patent examiners that "[t]hough seemingly within the category of process or method, a method of doing business can be rejected as not being within the statutory classes."[27] With regard to computer-implemented inventions, the Patent Office issued further guidelines to its examiners that "[c]laims should not be categorized as methods of doing business. Instead, such claims should be treated like any other process claims. . . ."[28]

Nevertheless, the business method exception still had vitality in 1996, when the U.S. District Court for Massachusetts invalidated United States Patent No. 5,193,056 in *State Street Bank & Trust Co. v. Signature Financial Group, Inc*.[29] The patent at issue was for a computerized accounting system for managing a mutual fund investment structure. The patented system was described as a "Hub and Spoke" investment structure whereby mutual funds ("Spokes") pool their assets in an investment portfolio ("Hub") organized as a partnership, allowing mutual funds to pool their assets in a manner providing for economies of scale with regard to the costs of fund administration, and providing beneficial tax consequences.[30] The patent's prosecution history in the Patent Office indicated that the patent examiner considered denying patentability based on statutory subject matter grounds, but after consultation with other examiners determined that the claimed invention was directed to statutory subject matter.

The district court disagreed, declaring the patent invalid for claiming non-statutory subject matter as both an abstract idea embodying a mathematical algorithm, and under the business method exception. First, the court concluded that the claimed invention did nothing other than present and solve a mathematical algorithm, asserting that "[t]he same functions could be performed, albeit less efficiently, by an accountant armed with pencil, paper, calculator, and a filing system."[31] The district court found further support for its holding of invalidity under the business methods exception, citing a number of patent treatises and an "established series" of case law recognizing the doctrine.[32] The court reasoned that if the patent were allowed to stand, it would "grant[ ] . . . a monopoly on its idea of a multi-tiered partnership portfolio investment structure . . . tantamount to a patent on the business itself."[33] Accordingly, the district court granted summary judgment of invalidity and dismissed the patentee's infringement claims.

The district court's holding of invalidity in *State Street* was appealed to the Federal Circuit, which reversed and remanded, holding the patent to be directed to statutory subject matter.[34] The Federal Circuit first addressed the district court's holding of invalidity for claiming an

abstract idea embodying a mathematical algorithm, and determined the invention to constitute a practical application of a mathematical algorithm, rather than an abstract idea embodying a mathematical algorithm.[35] The court noted that "every step-by-step process, be it electronic or chemical or mechanical, involves an algorithm in the broad sense of the term," and that 35 U.S.C. § 101 expressly includes processes as statutory subject matter.[36] Accordingly, because the Hub and Spoke system claimed by the patent was considered to produce a "'useful, concrete, and tangible result,'" it was held to be statutory subject matter.[37]

The Federal Circuit then made short work of the district court's alternative ground of invalidity under the business method exception, stating:

> We take this opportunity to lay this ill-conceived exception to rest. Since its inception, the "business method" exception has merely represented the application of some general, but no longer applicable legal principle, perhaps arising out of the "requirement for invention" — which was eliminated by § 103. Since the 1952 Patent Act, business methods have been, and should have been, subject to the same legal requirements for patentability as applied to any other process or method.[38]

The court distinguished previous cases addressing the business method exception, asserting that the application of the exception had always been preceded by a ruling based on some clearer concept of patent law, most commonly the abstract idea exception based on finding a mathematical algorithm. For example, the *State Street* court distinguished *In re Schrader* as "making reference to the business method exception," but "turn[ing] on the fact that the claims implicitly recited an abstract idea in the form of a mathematical algorithm and there was no 'transformation or conversion of subject matter representative of or constituting physical activity or objects.'"[39] The case frequently cited as establishing the business method exception, *Hotel Security Checking Co. v. Lorraine Co.*,[40] was characterized as finding invalidity based on a lack of novelty, rather than improper business method subject matter.[41] The Federal Circuit concluded that whether the claims are directed to subject matter within § 101 should not turn on whether the claimed subject matter does "business" instead of something else.

In response to *State Street*, legislation has recently been enacted that may provide a limited defense to an accused infringer who can prove prior invention and use of a patented business method.[42] The new law amends 35 U.S.C. § 273 to provide a personal defense to prior users against assertion of infringement of a later-filed patent for a business method:

> It shall be a defense to an action for infringement under section 271 of this title with respect to any subject matter that would otherwise infringe one or more claims for a method in the patent being asserted against a person, if such person had, acting in good faith, actually reduced the subject matter to practice at least 1 year before the effective filing date of such patent, and commercially used the subject matter before the effective filing date of such patent.[43]

35 U.S.C. § 273 (a)(3) is in turn amended to define the term "method" to mean "a method of doing or conducting business." In addition, purchasers of end products produced using a patented method of doing or conducting business receive limited protection:

> The sale or other disposition of a useful end product produced by a patented method, by a person entitled to assert a defense under this section with respect to that useful end result shall exhaust the patent owner's rights under the patent to the extent such rights would have been exhausted had such sale or other disposition been made by the patent owner.[44]

Potential Advantages of Patent Protection for Business Methods

As a result of *State Street's* clear repudiation of the business method exception, patent applications that otherwise meet the legal requirements for patentability no longer risk being rejected by patent examiners of the United States Patent and Trademark Office, nor being held invalid by the courts for lack of statutory subject matter, for claiming an invention embodying a business method. For this reason, a measure of uncertainty regarding patent protection for business methods has been removed, and many companies are taking advantage of the availability of patent protection for their business method inventions. A number of benefits can be realized through patent protection for business method inventions. For example, a patent can be asserted offensively for competitive advantage, to prevent infringing use of the patented business method by a competitor. The threat of bringing action for injunctive relief and/or monetary damages can often be used to effectively limit a competitor's business options.

Conversely, a patent can be used defensively, as prior art to prevent competitors from patenting similar business

CONTINUED ON PAGE 38

The Anticybersquatting Consumer Protection Act of 1999

Expanded Protection For Trademark and Service Mark Owners on the Internet

By Theodore H. Davis Jr., R. Charles Henn Jr. and Christine M. Cason

Introduction

The 1990s surely will go down in history as the decade that marked the dawn of widespread use of the Internet in connection with e-commerce. Although e-commerce has become a reality through advancements in technology, growth in infrastructure and fantastic innovations in marketing, for many trademark and service mark owners, no amount of technology or innovation can make up for the inability to position one's name between "www" and ".com." Because e-commerce equals ".com," businesses often have been forced to purchase, at sometimes exorbitant rates, the domain names that correspond to their marks. As the decade neared a close on November 29, 1999, President Clinton signed into law the Anticybersquatting Consumer Protection Act ("ACPA"),[1] which amended the federal Lanham Act to include provisions that should assist mark owners in their efforts to stop "cybersquatting" on the internet.

This article surveys the changes that have been made to federal Internet law as a result of the enactment of the

Anticybersquatting Consumer Protection Act. Part I of the article examines the remedies against cybersquatting available to trademark and service mark owners prior to the ACPA's passage, with a focus on the limitations on these remedies. Part II explains the provisions of the ACPA itself, along with the new remedies it contemplates.

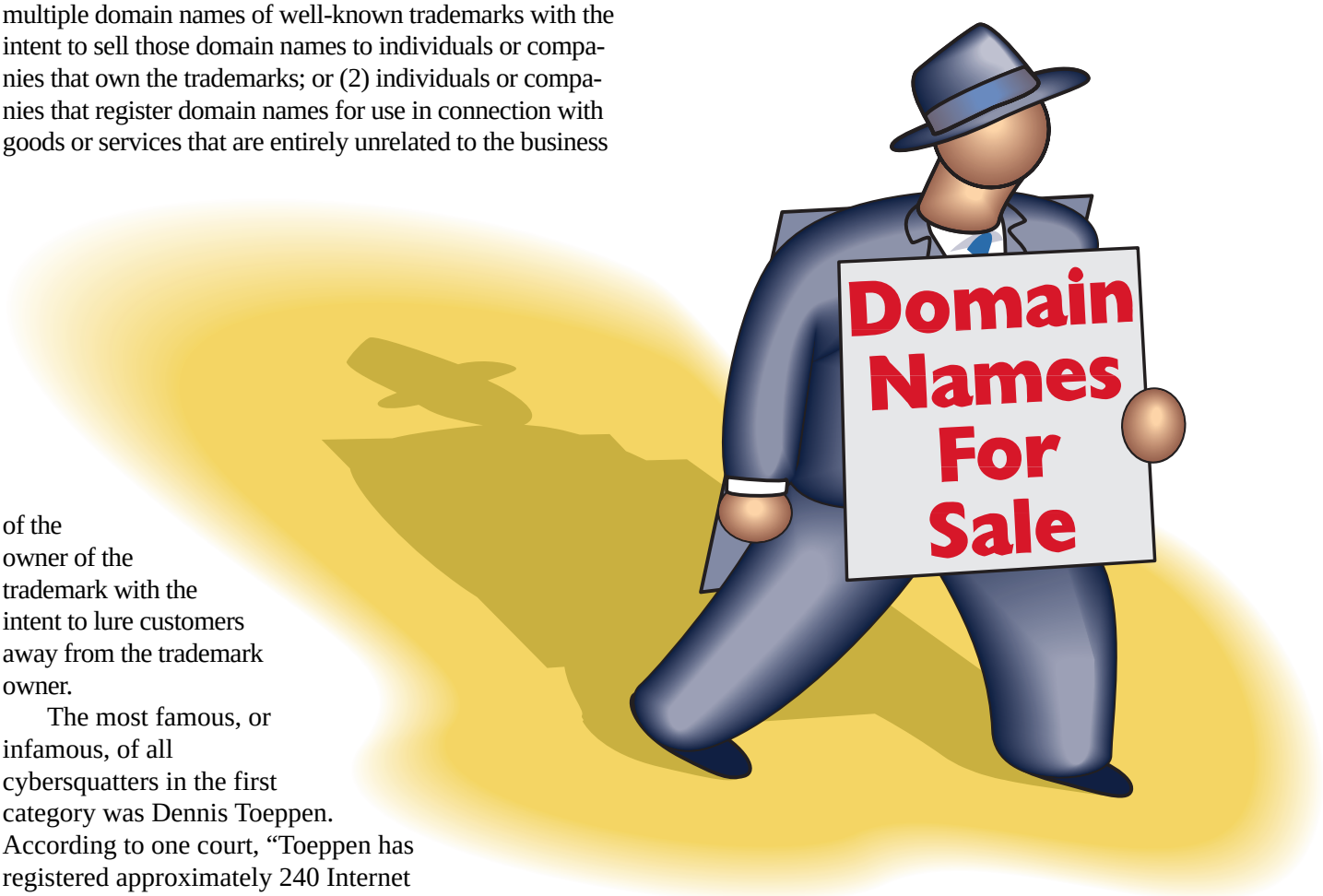
I. Protection Against Cybersquatting Prior to the Passage of the ACPA

Cybersquatters, or cyberpirates, typically fall into one of two categories: (1) individuals or companies that warehouse multiple domain names of well-known trademarks with the intent to sell those domain names to individuals or companies that own the trademarks; or (2) individuals or companies that register domain names for use in connection with goods or services that are entirely unrelated to the business of the owner of the trademark with the intent to lure customers away from the trademark owner.

The most famous, or infamous, of all cybersquatters in the first category was Dennis Toeppen. According to one court, "Toeppen has registered approximately 240 Internet domain names without seeking the permission from any entity that has previously used the names he registered…"[2] Some of the famous marks for which Mr. Toeppen registered domain names were: "*deltaairlines.com*," "*crateandbarrel.com*," "*eddiebauer.com*," "*ussteel.com*," and "*panavision.com*." None of the domain names was used in connection with a legitimate business enterprise sponsored by Mr. Toeppen — he simply sought to sell the domain names to the companies that owned the marks.[3]

The second category is typically populated by cybersquatters who seek to divert customers away from owners of famous trademarks onto their own Web sites, many of which feature pornographic material. For example, in 1998, if a user logged onto "*weatherchannel.com*," instead of getting the home page of The Weather Channel, the user was routed to a pornographic Web site.[4] In 1995, the Web site "*candyland.com*" did not host information about the famous Hasbro board game; rather, it featured pornographic photographs.[5]

Prior to the passage of the ACPA, federal and state law generally provided (and continue to provide) two avenues of protection to owners against these sorts of activities. First, sections 32 and 43(a) of the federal Lanham Act contemplate causes of action to owners of registered and unregistered marks, respectively, against conduct that is likely to cause confusion in the marketplace.[6] Both the O.C.G.A. and Georgia common law authorize relief under the same circumstances.[7]



Second, the Lanham Act and the O.C.G.A. provide protection against the "dilution" of the distinctiveness of famous marks.[8] Dilution historically has taken one of two forms. "The first is a 'blurring' or 'whittling down' of the distinctiveness of a mark. This can occur where the public

sees the mark used widely on all kinds of products."[9] In contrast, "[t]he second type of dilution is tarnishment which occurs when a defendant uses the same or similar marks in a way that creates an undesirable, unwholesome, or unsavory mental association with the plaintiff's mark."[10]

Plaintiffs seeking to challenge cybersquatters have invoked each of these theories in recent years. Each, however, has drawbacks that left gaps in the protection available to the victims of cybersquatting.

A. The Use in Commerce Prerequisite for Relief Under Federal Law

One potential obstacle to suits against cybersquatters under federal law is jurisdictional in nature. Specifically, each of the private causes of action contained in the Lanham Act historically has required a showing that the defendant used the challenged designation "in commerce."[11] Consequently, if a defendant has not made such a use, then its conduct may not be actionable. To determine whether the required quantum of use has occurred, courts have often looked to the defendant's actions regarding the domain name and the corresponding Web page. If the defendant proposed a sale of the domain name to the plaintiff, courts have latched onto this as establishing the required "commercial use."[12]

Although one early case held that mere registration of a domain name was a commercial use for dilution purposes,[13] most opinions consistently have held that mere registration is insufficient.[14] For example, in *Juno Online Services, L.P. v. Juno Lighting, Inc.*,[15] an online service provider with the domain name "*www.juno.com*" brought a declaratory judgement action against the owner of two federal trademarks for JUNO. Juno Lighting, having been beaten to the registration of "*juno.com*" was apparently unsatisfied with the more cumbersome "*juno-online.com*." The court granted the defendant's motion to dismiss because the defendant merely had registered the domain name, and had not used it in the sale of any goods. The court concluded that "the mere 'warehousing' of the domain name is not enough to find that defendant placed the mark on goods or 'used or displayed [the mark] in the sale or advertising of services' as required."[16]

More recently, the Ninth Circuit has held that the defendant cybersquatters did not satisfy the "commercial use in commerce" requirement because they had registered the domain names as *surnames*, which technically do not have trademark significance. As the court concluded, the defendants "do not use trademarks qua trademarks as required by the case law to establish commercial use. Rather, [they] use words that happen to be trademarks for their non-trademark value."[17]

B. Proving Trademark and Service Mark Infringement in the Internet Context

Assuming that a plaintiff can demonstrate an actionable use in commerce, proving infringement is still a matter of establishing a likelihood of confusion. Courts generally have required a similarity among products and/or customers to find likelihood of confusion.[18] But in the context of the Internet, what a trademark owner considers a "wrong" may not be accompanied by actionable confusion. Even where confusion does exist, it may be difficult to establish by traditional factors.

One example of the uncertainty associated with an Internet related likelihood of confusion analysis is illustrated by *Interstellar Starship Services, Ltd. v. Epix, Inc.*,[19] in which the district court granted summary judgment for the domain name owner because the products involved were substantially different. Epix, Inc., owned the federally registered EPIX trademark for "printed circuit boards and computer programs for image acquisition, processing, display and transmission." The domain name "*epix.com*," however, was being used by a local theater group to discuss activities concerning their stage version of "The Rocky Horror Picture Show." Despite finding that the EPIX mark was strong and the channels of trade (*i.e.*, the Internet) were similar, the district court held as a matter of law that there was no likelihood of confusion because no one could confuse the "*epix.com*" site as being associated with the Epix, Inc. computer company.[20] On appeal, however, the Ninth Circuit reversed, concluding that issues of fact precluded entry of summary judgment.[21] Thus, it remains to be seen if the trademark owner will prevent the use of its mark in another's domain name.

A more recent case similarly demonstrates the difficulty of succeeding under the infringement provisions of the Lanham Act. In *Hasbro, Inc. v. Clue Computing, Inc.*,[22] Hasbro owned a federal registration for the mark CLUE for its well-known board game, but the district court granted summary judgment in favor of the owner of the domain name "*www.clue.com*," holding as a matter of law that there was no likelihood of confusion despite the virtual identity of the plaintiff's trademark and the defendant's domain name.[23] Hasbro had not demonstrated a sufficient similarity between its goods and services and targeted customers with those of Clue Computing to raise a genuine issue of fact on the question of confusion.[24] The court concluded: "[T]he kind of confusion that is more likely to result from Clue Computing's use of the '*clue.com*' domain name — namely, that consumers will realize they are at the wrong site and go to an Internet search engine to find the right one — is not substantial enough to be legally significant."[25]

On the other hand, it is possible to bring a successful infringement claim. In *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.*,[26] the district court entered judgment in favor of the owner of the mark WASHINGTON SPEAKERS BUREAU against an operator of a Web site for similar services under the domain name "*washingtonspeakers.com*."[27] The court further ordered the defendant to "relinquish" the domain name. Applying the standard likelihood of confusion factors, the court held that although the defendant's domain name was not identical to plaintiff's mark, a likelihood of confusion existed between the two.[28] Of importance was the fact that both plaintiff and defendant offered their services over the Internet, and that consumers often will "guess" at what a domain name will be, and therefore would be likely to type defendant's domain name even though intending to locate plaintiff's Web site.[29]

Finally, the court held that a "crucial" fact was the defendant's intent in adopting the domain name.[30] Because the plaintiff's mark was well known, the court concluded that the domain name was chosen in bad faith in an attempt to lure plaintiff's customers to the defendant's site.[31] Because the adoption of the similar domain name was done in bad faith, the court held that "confusion is presumed."[32]

C. Proving Trademark and Service Mark Dilution in the Internet Context

Prior to the ACPA's enactment, most successful plaintiffs in domain name litigation proceeded under the Federal Trademark Dilution Act ("FTDA"), which was passed in part to stop cybersquatters from registering domain names incorporating famous trademarks with the sole purpose of selling the domain name back to the trademark owner. As Senator Leahy stated during the floor debate on the FTDA, "it is my hope that this antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others."[33] Indeed, "[s]ince its promulgation, this provision has been employed in cases addressing the unique interplay between Internet domain names and trademark law."[34] There are, however, limits to the relief available against cybersquatters under a dilution theory.

1. Proving a Mark is Famous

A primary obstacle to the use of the FTDA arises from the fact that it protects only for "famous" marks. The statute itself provides eight "factors" to be considered in the determination of whether a mark is "famous." These include:

(1) the degree of inherent or acquired distinctiveness;
(2) duration and extent of use of the mark;
(3) duration and extent of advertising and publicity of the mark;
(4) geographical extent of the trading area in which the mark is used;
(5) channels of trade for the goods or services;
(6) degree of recognition of the mark in the trading area;
(7) use of the same or similar marks by third parties; and
(8) whether the mark was federally registered.[35]

Judicial determinations of which marks are "famous" have been rather unpredictable. One domain name case that determined, at least initially, that a mark was not "famous" was *Gateway 2000, Inc. v. Gateway.com, Inc*.[36] In that case, the court simply reasoned that at the preliminary injunction stage, Gateway 2000 had provided insufficient proof regarding when its GATEWAY mark had become famous.[37]

Likewise, in *Avery Dennison Corp. v. Sumpton*,[38] the Ninth Circuit recently vacated a district court's entry of summary judgment to the owner of the AVERY and DENNISON trademarks for office products, and remanded with instructions to enter judgment for the defendant cybersquatter, who had registered the domain names "avery.net" and "dennison.net." The court held that the plaintiff's marks were not "famous" under the FTDA because they were only well-known within a subgroup of consumers, which was distinct from the consumers of the defendant. Moreover, the court held that the large number of third-party businesses with "Avery" or "Dennison" in their names militated against finding that the marks were famous.[39]

In contrast, other courts have held that a mark is "famous" merely because it has been used for some time. In *Intermatic, Inc. v. Toeppen*,[40] for example, the court addressed the issue in a single cursory paragraph, noting that it was a fanciful mark that has been used for 50 years, and it is, therefore, famous.[41] In another case involving the same defendant, *Panavision International L.P. v. Toeppen*,[42] the court cited the eight statutory factors, and then concluded that the PANAVISION mark is famous because of its "long period of exclusive use."[43] Similarly, the court in *Teletech Customer Care Management (California), Inc. v. Tele-Tech Co.*[44] held that the TELETECH mark was famous because of its extensive advertising and customer base in the "teleservicing industry."[45] Finally, in *Toys "R" Us, Inc. v. Akkaoui*,[46] the district court granted a preliminary injunction in favor of Toy "R" Us on dilution grounds, holding that the "R Us" family of marks was famous, and defendant's site at "*adultsrus.com*" was

CONTINUED ON PAGE 42

Service of Process by E-mail

By J. William Boone, William C. Humphreys Jr. and Jeffrey J. Swart

The lyrical apex of Karla Bonoff's 1980's hit song *Personally*[1] centered around the following:

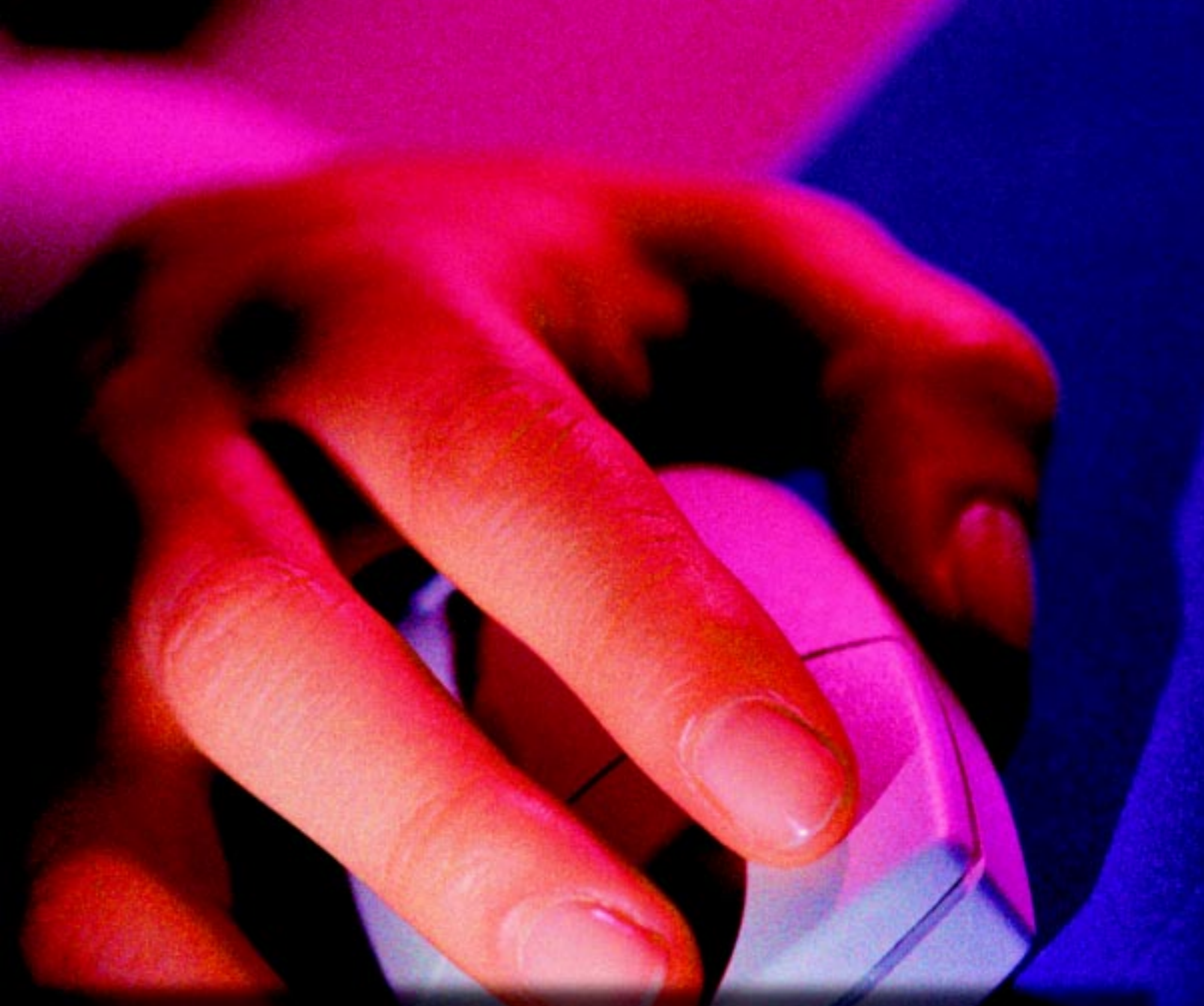
I've got something to give you
That the mailman can't deliver . . .
I'm bringing it to you personally

For most litigators and for most cases, those lyrics aptly describe service of process. Although the bankruptcy rules routinely provide for service of process by first-class mail,[2] the rank and file of all lawsuits filed today are served in a manner consistent with the philosophy of Bonoff's song – personally. In the absence of a waiver, it is generally necessary to make service by

> delivering a copy of the summons and of the complaint to the individual personally or by leaving copies thereof at the individual's dwelling house or usual place of abode with some person of suitable age and discretion then residing therein or by delivering a copy of the summons and of the complaint to an agent authorized by appointment or by law to receive service of process.[3]

As many litigators will attest, accomplishing personal service or its equivalent can be an aggravating procedure. Most defendants do not relish the idea of being served, making the process server about as popular as the tax collector or the grim reaper. In particular, individual defendants have a way of keeping on the move, of keeping their "usual place of abode" a matter of some mystery, and of being a bit short on persons of "suitable age and discretion then residing therein" and eager to accept delivery of the suit papers.

And if domestic defendants have some talent for



avoiding service, foreign defendants have that talent in prodigious quantities. A well-heeled foreign defendant can easily avoid service. By staying with friends and moving from country to country, the would-be adversary can keep the plaintiff's counsel playing hide-and-seek for months or years while waiting for the defendant to sit still long enough for service to be effected pursuant to international rules.[4] In the meantime, the lawsuit languishes, and the money that otherwise might be used to pay the judgment is being spent on plane tickets, hotel rooms, and fine Parisian dining. Could there be a better way to approach this problem?

Relatively recent, but widely used, developments in communications technology suggest that there *is* a better way. As almost everyone with a laptop computer is thoroughly aware, electronic mail technology makes it possible for people on the go to check their e-mail messages from just about anywhere. It is as simple as a telephone call. In just about any airport, one is sure to see travelers with their computers plugged in, checking their e-mails between flights. If that method of communication is good enough for business travelers, why isn't it good enough for the elusive defendant? Is it possible to bypass the doomed efforts to put a physical copy of the summons and complaint in the hands of the moving target and simply deliver those same documents with a stroke of a computer keyboard?

Recently, the United States Bankruptcy Court for the Northern District of Georgia became the first court in this country to answer "yes" to that question. In an order entered by Chief Judge Stacey Cotton, Chapter 7 Trustee Herbert C. Broadfoot II was authorized to effect service on a foreign defendant by electronic mail, as well as several other methods for substituted service.[5] Because no court in the United States had authorized service by e-mail before, that order, though unpublished, has received considerable

attention in the legal media.[6] The background facts and legal underpinnings of that order help illuminate whether and to what extent we can expect service by e-mail to become more commonplace in the future.

A Foreign Defendant on the Run

In May 1999, our firm found itself representing a plaintiff in a lawsuit for which obtaining authorization to serve process by unconventional means stood to make the difference between bringing an alleged wrongdoer before the court or walking away from otherwise viable claims. We had been engaged as special counsel to represent the Chapter 7 Trustee in a federal bankruptcy case, and as part of that case, the Trustee had filed a lawsuit against former officers and directors of a company in bankruptcy. In the complaint, the Trustee alleged, among other things, that the former officers and directors had breached their fiduciary duties to the company, wasted corporate assets, and fraudulently transferred corporate funds. Although the lawsuit stated claims against a number of officers and directors, one of the central figures charged with wrongdoing was Mr. Arjuna Diaz, the company's chairman and sole shareholder.

No provision of the Federal Rules specifically authorizes or prohibits service by electronic mail.

Unfortunately, Mr. Diaz had taken up residence out of the country by the time the lawsuit was filed. More problematically, the Trustee's attempts to ascertain Mr. Diaz's whereabouts were unsuccessful. Mr. Diaz was traveling throughout Europe and the Far East and declined to say where he would be at any given moment. In short, Mr. Diaz was a "moving target," making it virtually impossible for the Trustee to effect service by any of the traditional means specified by the Federal Rules of Civil Procedure.

The frustration created by Mr. Diaz's international mobility was exacerbated by the fact that he had provided the Trustee a means for communicating with him — an electronic mail address and facsimile number. Mr. Diaz could receive facsimile transmissions that were forwarded to him, and they were stored on his electronic mail. The Trustee also had discovered a second electronic mail address for Mr. Diaz, an address maintained by a foundation to which Mr. Diaz had allegedly transferred corporate funds. In effect, Mr. Diaz had insulated himself from service of process by conventional means through confining himself to methods of communication not specifically mentioned in the Federal Rules.

A Fresh Look at an Old Rule

Convinced that Mr. Diaz should not be allowed to evade justice so easily, the Trustee was committed to finding a solution. The difficulty, however, was finding a solution that would fit within the letter and spirit of the federal rules, as well as satisfy constitutional due process requirements.

Notably, no provision of the Federal Rules specifically authorizes or prohibits service by electronic mail, or by any of the other technologically sophisticated communication methods that have become commonplace in recent years. Although individuals and businesses transact important business every day via facsimile, electronic mail, and interactive Internet pages, the law has been slow to adapt to these new technologies. Although the U.S. Supreme Court has held that the Constitution requires only that service be "reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections,"[7] federal rulemakers have not adopted broad amendments to the Federal Rules to specifically permit service by the myriad of alternative communications technologies available today. As an institution that draws much of its credibility from history and tradition, the legal system has yet to embrace fully the possibilities created by electronic communication.

To avoid walking away from the claims against Mr. Diaz, the Trustee had to find a constitutionally-permitted alternative method of service notwithstanding the absence of an explicit federal rule addressing the issue. In other words, the Trustee was required to find a way to work within the strictures of the federal rule generally governing service on foreign defendants – Rule 4(f)(3). This Rule expressly authorizes three methods of service upon individuals in foreign countries:

(1) pursuant to "any internationally agreed means reasonably calculated to give notice";[8]

(2) if no international agreement is applicable, as "prescribed by the law of the foreign country," as directed by a specified foreign authority, or if not prohibited by foreign law, by personal service or return-receipt mail addressed and dispatched by the clerk of court;[9] or

(3) *"by other means not prohibited by international agreement as may be directed by the court."*[10]

Although the text of Rule 4(f)(3) appeared to be broad enough to justify service by electronic mail, the Trustee was unable, despite exhaustive research, to find a domestic precedent authorizing service by that means. In fact, only one other case in the world had authorized service by electronic mail and that case had originated in England.[11]

Despite the absence of a domestic precedent for service by electronic mail (and in the absence of any viable alternative for effecting service), the Trustee filed a motion and brief arguing that both the letter and spirit of Rule 4(f)(3), as well as prior courts' interpretations of the rule,[12] supported the view that service upon Mr. Diaz by alternative means, including electronic mail, should be authorized under the circumstances. Additionally, the Trustee contended that such service satisfied constitutional requirements, because the use of communication methods identified and utilized by the defendant himself would be reasonably calculated to give the defendant actual notice of the lawsuit and an opportunity to present his defense.

After receiving evidence and hearing oral argument on the issue, Chief Judge Cotton agreed and entered an order authorizing service of process under Rule 4(f)(3). Pursuant to the court's order, the Trustee was authorized to serve process upon Mr. Diaz by electronic mail, facsimile transmission, and by mail to Mr. Diaz's last known address. As a result of the court's recognition that a traditional rule contained enough flexibility for application to new technologies, a defendant who otherwise might have avoided service would be held accountable for his actions in a court of law.

Lessons for the Future

Judge Cotton's order does not represent a sea change in the way process may be served in the ordinary case. Although the reluctance of the law to adapt to new technologies means that service of process is typically accomplished today in much the same manner as it would have been accomplished two centuries ago, most litigants suffer little real harm from this technological hesitancy. While it might take a little longer and cost a little more to hand-deliver a summons and complaint to a defendant than to send the defendant an electronic mail message or facsimile transmission, personal service usually can be accomplished — even upon a foreign defendant. Moreover, most litigants are likely to find it far more cost-effective to adhere to conventional service techniques than to attempt to persuade courts that the rules also authorize more novel approaches.

Nevertheless, it would be surprising if the first domestic order authorizing service of process by electronic mail were also the last. In today's growing global economy, an increasing volume of disputes with foreign defendants is inevitable. Just as inevitably, some of those defendants will be individuals inclined to make a run for it, attempting to evade service until their adversaries look elsewhere for satisfaction or simply give up. Many of those individuals will have e-mail accounts. Thanks to Rule 4(f)(3), some of them may get an unexpected message when they log on.

Conclusion

In law, as in many other disciplines, there is an inherent reluctance to embrace new technologies and to apply traditional concepts in unfamiliar contexts. Over time, however, even the most staid of institutions must adapt so as to avoid obsolescence or irrelevance. Although service of process by electronic mail is not the norm and is not likely to become the norm in the near future, the authorization of such service in a single case is a small but meaningful step in the path of the law's progress in the information age. We can be sure there will be more.[13]

In the meantime, don't forget to check your e-mail. ■

J. William Boone is a partner in the bankruptcy, reorganization, and workouts group at Alston & Bird LLP and serves as chair of the Bankruptcy Section of the Atlanta Bar Association. He received his J.D. from Mercer University and his B.A. from Wake Forest University.

William C. Humphreys Jr. is a partner in the trial and appellate practice group at Alston & Bird LLP, where he has a civil litigation practice concentrating on class actions, securities, and toxic torts. He received his J.D. from the University of Tennessee and his B.S. from Washington & Lee University.

Jeffrey J. Swart is an associate in the trial and appellate practice group at Alston & Bird LLP. He received his J.D. and B.B.A. from Emory University.

Endnotes

1. Karla Bonoff, *Personally,* on Wild Heart of the Young (Columbia Records 1982). According to Billboard's survey of sales and broadcast play for singles in the pop music field, Bonoff's version of *Personally* reached No. 19 on August 6, 1982.
2. *See* Fed. R. Bankr. P. 7004(b). The Federal Rules of Civil Procedure also authorize the plaintiff to send the complaint to the defendant by "first-class mail or other reliable means" and to request waiver by the defendant of the right to personal service. Fed. R. Civ. P. 4(d).

3. Fed. R. Civ. P. 4(e)(2); *see also, e.g.*, O.C.G.A. § 9-11-4(d)(7) (1993).
4. Ordinarily, service on foreign defendants is perfected pursuant to the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents. *See* Fed. R. Civ. P. 4(f)(1).
5. *See* Broadfoot v. Diaz (*In re* International Telemedia Assocs., Inc., Ch. 7 Case No. 98-75533-SWC, Adv. No. 99-6233) (Bankr. N.D. Ga. June 22, 1999) (Order Authorizing Service of Process on Defendant Arjuna Diaz by Facsimile Transmission, Electronic Mail, and Mail to Defendant's Last Known Address).
6. *See Can Foreign Defendant Be Served by E-Mail?*, LAWYERS WEEKLY USA, Nov. 1, 1999, at 6; *Bankruptcy Court Issues Default Judgment Based on Failure to Answer E-Mailed Service*, UNITED STATES LAW WEEK, Sept. 28, 1999, at 2167; Barney Tumey, *Bankruptcy Court Issues Default Judgment Based on Failure to Answer E-Mailed Service*, ELECTRONIC COMMERCE & LAW REPORT, Sept. 22, 1999, at 86; Barney Tumey, *Bankruptcy Court Issues Default Judgment Based on Failure to Answer E-Mailed Service*, BNA's BANKRUPTCY LAW REPORTER, Sept. 23, 1999, at 796; Barney Tumey, *Bankruptcy Court Issues Default Judgment Based on Failure to Answer E-Mailed Service*, DAILY REPORT FOR EXECUTIVES, Sept. 17, 1999, at A-7; *Served by E-Mail*; ATLANTA BUSINESS CHRON., Sept. 3-9, 1999, at 6A; *Bankruptcy Court Authorizes Service Via E-Mail, Fax*, INTERNET LAW & REGULATION, June 22, 1999 (Internet article available at *http://internetlaw.pf.com*). Additionally, the Smithsonian Institution has elected to include a case study based on this development in its permanent research collection in connection with its "Computerworld Smithsonian Awards" program. *See generally* http://innovate.si.edu (homepage for Computerworld Smithsonian Awards program).
7. Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306, 314, 70 S.Ct. 652, 657 (1950); *see also, e.g.*, *Hanson v. Denckla*, 357 U.S. 235, 245, 78 S.Ct. 1228, 1235 (1958) (applying same standard).
8. Fed. R. Civ. P. 4(f)(1).
9. *See* Fed. R. Civ. P. 4(f)(2).
10. Fed. R. Civ. P. 4(f)(3) (emphasis added).
11. *See* Frank Conley, Comment, *:-) Service with a Smiley: The Effect of E-mail and Other Electronic Communications on Service of Process*, 11 TEMP. INT'L & COMP. L.J. 407, 427-28 (1997) (examining English High Court case authorizing service by electronic mail); *see also* Wendy R. Liebowitz, *U.K. Court: Serve Process Via E-mail*, NAT'L L. J., July 8, 1996, at B1.
12. *See* International Controls Corp. v. Vesco, 593 F.2d 166, 176-78 (2d Cir. 1979) (approving service by mail to last known address); Federal Home Loan Mortgage Corp. v. Mirchandani, No. 94 CV 1201 (FB), 1996 WL 534821, at *4 (E.D.N.Y. Sept. 18, 1996) (unreported decision) (allowing service by publication in a law journal); Mayatextil, S.A. v. Liztex U.S.A., Inc., No. 92 CIV. 4528(SS), 1994 WL 198696, at *5 (S.D.N.Y. May 19, 1994) (unreported decision) (authorizing delivery to defendant's attorney-agent); New England Merchants Nat'l Bank v. Iran Power Generation & Transmission Co., 495 F. Supp. 73, 80 (S.D.N.Y. 1980) (allowing service by telex for Iranian defendants); Levin v. Ruby Trading Corp., 248 F. Supp. 537, 541-44 (S.D.N.Y. 1965) (holding that service by ordinary mail was proper under the circumstances).
13. *See, e.g.*, Proposed Amendment to Federal Rule of Civil Procedure 5(b) (authorizing service of pleadings other than initial process by electronic mail when such service is consented to by the person served).

Mainstreet pickup 12/99 p73

west new fullpage, b & w “in politics, premier address”

Patent Protection Continued from page 27

methods. As Heather discovered in her dealings with Thingumabob, under the present state of the law, if Company A invents a new business method, but does not file for patent protection, opting instead to maintain the method as a trade secret, Company B can later "invent" the same method independently, obtain a patent for the invention, and enforce its patent against Company A.[45] As noted above, legislation has recently been enacted in response to *State Street* that may provide a limited defense for Company A based on its prior invention and use of the business method.[46] However, the effect of this newly enacted statute remains to be seen. Presently, one of the most effective modes of defense for Company A is to obtain patent protection for its business method inventions early on. The filing date of a patent application becomes its effective prior art date upon the granting of a patent.[47] Thus, if Company A obtains a patent for its business method invention, that patent will prevent Company B from obtaining its own patents for their later-invented business methods that lack novelty or are obvious in view of the disclosure of Company A's patent.

Additional benefits of patent protection for business methods could include: revenue generation through licensing of patented technologies, asset accumulation to add value to a start-up company, cross-licensing of patented technology as a bargaining chip in settling infringement actions brought by others, and recognition of inventive efforts by employees.

Potential Pitfalls of Patent Protection for Business Methods

Although patent protection offers a number of advantages, several counterpoints warrant consideration. For example, patents provide a right to exclude others from practicing the claimed invention for a term of up to twenty years from the filing date of the application for the patent.[48] By contrast, a party may protect a trade secret for a potentially unlimited period of time. Accordingly, if a business method is unlikely to be independently developed or reverse-engineered by a competitor, trade secret protection may prove more valuable than patent protection in the long run.

Also, an issued patent is a public document that provides competitors with a description of the invention. Moreover, applicants for patents are required to disclose the best mode known for practicing the invention.[49] As a result, obtaining a patent for a business method effectively provides a road map for competitors to practice the patented business method upon expiration of the patent. Moreover, in view of the increasingly global nature of business in today's marketplace, if international patent protection is not obtained, an issued U.S. patent will provide foreign competitors with instructions describing how to take advantage of the patented business method outside of the United States. Thus, the availability of international patent protection for a business method and the potential impact of overseas competition should be considered from the outset of the patent application process. It should also be kept in mind that patent applications are published in many foreign countries prior to examination and, accordingly, may become available to competitors even in the event that no patent protection is ultimately secured.

Another potential drawback to obtaining patent protection for a business method lies in the current lack of significant searchable prior art in the Patent Office to be used in the examination of business method patent applications. Most of the prior art cited by the United States Patent and Trademark Office during examination of a typical patent application is in the form of previously issued U.S. patents. Because many companies have not pursued patent protection for business methods until recently, the most relevant prior art to a business method patent application is likely to be non-patent art that may not be available to the Patent Office during the examination process. Much of the most relevant prior art may, in fact, reside in the records of the patent applicant's competitors, against whom the patent may eventually be asserted. Such prior art is unlikely to be considered during examination, but would be raised in challenging a patent's validity in litigation. Although an issued patent is presumed valid,[50] the existence of material prior art that was not considered during examination can cast significant doubt on a patent's validity. Thus, substantial time and money may be invested in procuring and trying to enforce a patent that is ultimately found invalid. Accordingly, the requirement that all parties involved in the preparation and prosecution of a patent application disclose all known material prior art to the Patent Office should be stressed throughout the prosecution of an application for a business method patent.

Requirements for Patentability

In order to obtain patent protection for a business method invention, the invention must meet the same statutory requirements for patentability as any other type of invention.

The first requirement of patentability is set forth by 35 U.S.C. § 101, which identifies the categories of patentable subject matter, namely: processes, machines, articles of manufacture, and compositions of matter. After the Federal

Circuit's decision in *State Street*, patent claims directed to business method inventions are to be treated like any other process claim of a patent application.[51] Thus, patent claims will no longer be considered non-statutory merely because they are directed to business methods. Nevertheless, patent protection may not be obtained for "abstract ideas" in the absence of some "useful, concrete, and tangible result."[52] The invention in *State Street* was determined not to be an abstract idea, as the patent claims at issue were directed to a computer system that transforms data, thereby producing a useful, concrete, and tangible result.[53] Some commentators have raised the question of whether *State Street* requires a transfer of data using a computer, possibly rendering non-computer implemented business method inventions unpatentable as abstract ideas.[54] So long as the claimed business method produces a tangible result, for example, re-stocking a vending machine, buying or selling a market security, or determining an interest rate, the requirement of statutory subject matter would appear to be met.

The next requirement of patentability is that the invention be novel over the prior art. Section 102 of the patent statute identifies a number of categories of prior art that will preclude patentability if the invention is anticipated thereby.[55] *State Street* directs that the novelty requirement is to be applied to business method inventions in the same manner as any other process.[56]

To be patentable, a business method invention must also meet the requirement of non-obviousness. Even if an invention is novel over the prior art, a patent may not be obtained if the subject matter of the invention as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains.[57]

The patent statute further requires that a patent contain a complete written description of the invention and the manner of practicing the invention, that the disclosure be sufficient to enable a person skilled in the art to which the invention pertains to practice the invention, and that the best mode contemplated by the inventor be set forth.[58] Thus, an applicant may not seek patent protection for a business method invention and also maintain the invention as a trade secret. A patent must also include one or more claims particularly pointing out and distinctly claiming the invention.[59] Furthermore, the applicant for a patent, his patent attorney, any assignee, and all others associated with the filing and prosecution of a patent application are under a duty of candor and good faith, requiring disclosure to the Patent Office of all information known to be material to the patentability of the claimed invention.

Conclusion

Significant competitive advantages can be obtained through patents for business method inventions. Recent clarifications to the law regarding patent protection for business method inventions have spurred greatly increased patent application filings with the United States Patent and Trademark Office for these inventions. Many businesses, however, may be overlooking the advantages afforded by business method patents due to a lack of information on the topic, or may be pursuing patent protection without a full understanding of the potential pitfalls involved in patent filings. Companies that are not accurately informed regarding business method patents may find themselves at competitive disadvantage to their more patent savvy competitors.

Bradley K. Groff, a partner with Gardner & Groff P.C., is a registered patent attorney and practices in the fields of patent, trademark and copyright law, and related litigation. Groff received his J.D. from the University of Georgia, his B.S. in mechanical engineering from Lehigh University, and has taken coursework toward a master's degree in chemistry.

Endnotes

1. Manual of Patent Examining Procedure § 706.03(a) (1994) (hereinafter M.P.E.P.) (citing Hotel Sec. Checking Co. v. Lorraine Co., 160 F. 467 (2d Cir. 1908); *In re* Wait, 24 U.S.P.Q. 88 (C.C.P.A. 1934)).
2. Subsequent editions of the M.P.E.P. removed the reference to the business method exception in § 706. *See supra* note 1. In its 1996 Examination Guidelines for Computer Related Inventions, the Patent Office directed patent examiners not to classify inventions as methods of doing business. 61 Fed. Reg. 7478, 7479 (1996).
3. 149 F.3d 1368 (Fed. Cir. 1998).
4. *Id.* at 1375.
5. State St. Bank & Trust Co. v. Signature Fin. Group, Inc., ___ U.S. ___, 119 S. Ct. 851 (1999).
6. 149 F.3d at 1376 n.13.
7. *Id*. at 1375.
8. *See infra* note 42 *et seq*. and accompanying text.
9. *See* W. Scott Petty & Michael S. Pavento, *Patent Protection for E-Commerce Business Models*, GA. B.J., Apr. 1999, at 36.
10. United States Patent No. 5,794,207, Method and Apparatus for a Cryptographically Assisted Commercial Network System Designed to Facilitate Buyer Driven Conditional Purchase Offers.
11. *Amazon.com*, Inc. v. *Barnesandnoble.com*, Inc., No. 2:99cv1695 (W.D. Wash. filed Oct. 21, 1999) (action for infringement of U.S. Patent No. 5,960,411, Method and System for Placing a Purchase Order via a Communications Network).
12. 35 U.S.C.A. § 101 (1984).
13. Diamond v. Chakrabarty, 447 U.S. 303, 309 (1980).
14. 35 U.S.C.A. § 102 (1984).

15. *Id.* § 103 (Supp. 1999).
16. Diamond v. Diehr, 450 U.S. 175, 182 (1981).
17. Funk Bros. Seed Co. v. Kalo Inoculant Co., 333 U.S. 127, 130 (1948).
18. 160 F. 467 (2d Cir. 1908).
19. *Id*. at 469.
20. 9 U.S.P.Q.2d (BNA) 1819 (Bd. Pat. App. & Int. 1988).
21. *Id*. at 1820.
22. *Id*.
23. *Id*. at 1821 (citing *In re* Johnston, 502 F.2d 765 (C.C.P.A. 1974), *rev'd on other grounds sub nom*. Dann v. Johnston, 425 U.S. 219, 96 S. Ct. 1393 (1976)).
24. 22 F.3d 290 (Fed. Cir. 1994).
25. *Id*. at 298.
26. *Id*.
27. M.P.E.P., *supra* note 1, § 706.03(a) (1994).
28. Examination Guidelines for Computer Related Inventions, 61 Fed. Reg. 7478, 7479 (1996).
29. 927 F. Supp. 2d 502 (D. Mass. 1996).
30. Claim 1 of the '056 patent recites:
    A data processing system for managing a financial services configuration of a portfolio established as a partnership, each partner being one of a plurality of funds, comprising:
    (a) computer processor means for processing data;
    (b) storage means for storing data on a storage medium;
    (c) first means for initializing the storage medium;
    (d) second means for processing data regarding assets in the portfolio and each of the funds from a previous day and data regarding increases or decreases in each of the funds, assets and for allocating the percentage share that each fund holds in the portfolio;
    (e) third means for processing data regarding daily incremental income, expenses, and net realized gain or loss for the portfolio and for allocating such data among each fund;
    (f) fourth means for processing data regarding daily net unrealized gain or loss for the portfolio and for allocating such data among each fund; and
    (g) fifth means for processing data regarding aggregate year-end income, expenses, and capital gain or loss for the portfolio and each of the funds.
31. *State St.*, 927 F. Supp. at 515.
32. *Id*. at 515-16.
33. *Id*.
34. State St. Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368 (Fed. Cir. 1998), *cert. denied*, __ U.S. __, 119 S. Ct. 851 (1999).
35. *Id.* at 1373.
36. *Id.* at 1374.
37. *Id.* at 1375 (quoting *In re* Alappat, 33 F.3d 1526, 1544 (Fed. Cir. 1994) (*en banc*), as setting forth the standard for determining statutory subject matter).
38. *Id.*
39. *Id.* at 1376.
40. 160 F. 467 (2d Cir. 1908).
41. *State Street*, 149 F.3d at 1376.
42. An Act Making Consolidated Appropriations for the Fiscal Year Ending September 2000, and for Other Purposes, Pub. L. No. 106-113, ___ Stat. ___ (1999) (enacting H.R. 3194, which in Division B incorporates S. 1948, including Title IV, the American Inventors Protection Act of 1999).
43. S. 1948, 106th Cong. § 4302(a) (enacting 35 U.S.C. § 273).
44. *Id.*
45. 35 U.S.C. § 102(g) prevents a party from obtaining a patent for an invention first invented in this country by another, but only if the first inventor has not "abandoned, suppressed, or concealed" the invention. Seeking to protect an invention as a trade secret, rather than through the patent system, may be considered "concealing" the invention, possibly preventing a first inventor from obtaining a patent. *See* Lutzker v. Plet, 843 F.2d 1364 (Fed. Cir. 1988); Kewanee Oil. Co. v. Bicron Corp., 416 U.S. 470 (1974).
46. *See supra* note 42 *et seq*. and accompanying text.
47. 35 U.S.C.A. § 102(e) (1984).
48. *Id.* § 154 (Supp. 1999).
49. *Id.* § 112 (1984).
50. *Id.* § 282 (1984 and Supp. 1999).
51. State St. Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1377 (Fed. Cir. 1998), *cert. denied*, ___ U.S. ___, 119 S. Ct. 851 (1999).
52. *In re* Alappat, 33 F.3d 1526, 1544 (Fed. Cir. 1994).
53. *State St.*, 149 F.3d at 1375.
54. John T. Aquino, *Patently Permissive: PTO Filings Up After Ruling Expands Protection for Business and Net Software*, A.B.A.J., May 1999, at 30.
55. 35 U.S.C.A. § 102 (1984).
56. *State St.*, 149 F.3d at 1377.
57. 35 U.S.C.A. § 103 (Supp. 1999).
58. *Id.* § 112 (1984).
59. *Id.*

house ad from ga. bar

ANLIR NEW ART ENCLOSED, fullpage, b & w

Anticybersquatting Continued from page 31

likely to dilute the plaintiff's mark. Still another court looked to survey evidence to find that the CANDYLAND mark was famous because 94% of mothers in the United States could identify the game made by Hasbro.[47]

2. The Unavailability of *In Rem* Actions

Another potential drawback to reliance on dilution doctrine in the Internet cybersquatting context is the lack of availability of *in rem* actions. All too often, cybersquatters provide false or otherwise misleading information to domain name registrars, which makes it difficult to identify and serve them with process. Consequently, mark owners may be damaged by an inability to challenge dormant domain names that have been registered by untraceable individuals.

In the first reported case to address a mark owner's attempt to the bypass this obstacle through an *in rem* action, the plaintiff's efforts came up short. *Porsche Cars North America, Inc. v. Porsch.com*[48] involved the automobile manufacturer's challenge to numerous domain names based on variations on its famous PORSCHE mark. Porsche sought *in rem* relief under the FTDA, but the court rejected this strategy on the ground that the FTDA did not authorize such an action. Although the statute did not expressly address the subject, the court found that its terms contemplated only *in personam* relief.[49] Particularly because Porsche could not demonstrate to the court's satisfaction that it had undertaken reasonable efforts to locate and serve the owners of many of the domain names at issue, the court therefore concluded that an application of the FTDA in the manner proposed by Porsche would violate constitutional standards of due process.[50]

D. Remedies for Infringement and Dilution

When a court finds trademark infringement, the traditional injunctive remedy is an order directing the infringer to "cease and desist" from using the mark.[51] In the context of domain names, however, such an order arguably does not remedy the situation, because another person could register the domain name with the same or a different registrar the following day.

Some courts, therefore, have expanded their remedial authority in domain name cases to order that the infringer not only cease and desist, but also that the infringer transfer ownership of the domain name to the owner of the mark.[52] Moreover, because multiple domain names may include the relevant trademark, courts also have expanded their orders to include not only the domain name that the infringer owned, but any other later registered variation.[53]

E. Registrar Liability

Prior to the passage of the ACPA, some trademark owners brought suit against domain name registrars, claiming that they were either responsible directly for trademark infringement or dilution, or for contributory infringement and dilution.[54] These plaintiffs were generally unsuccessful, however, as courts consistently held that registrars are not liable for dilution or infringement because they engage in "mere registration" of the domain name, and therefore, do not engage in the required "commercial use" of the mark under federal law.[55]

Trademark owners also pursued domain name registrars for allowing cybersquatters to register trademarks as domain names, alleging that registration was contributing to the infringement or dilution of a trademark. As the Ninth Circuit explained: "Contributory infringement occurs when the defendant either intentionally induces a third party to infringe the plaintiff's mark or supplies a product to a third party with actual or constructive knowledge that the product is being used to infringe the service mark."[56]

In the case of domain name registrars, the second portion of this test is applicable—the trademark owner had to prove: (1) that the registrar either "supplie[d] a product" to the cybersquatter or exercised "direct control and monitoring" of the cybersquatter's site;[57] and (2) the registrar had "actual knowledge of infringing activities" by registrants.[58] In the face of these virtually insurmountable requirements, courts have refused to extend contributory liability against domain name registrars.

II. The Anticybersquatting Consumer Protection Act of 1999

In response to growing criticism by owners of well-know trademarks of the existing statutory scheme, Congress passed the Anticybersquatting Consumer Protection, which became law as part of this year's Omnibus Appropriations Act. The ACPA is effective as of November 29, 1999, and, with certain exceptions, is retroactive in effect. In essence, Congress sought with the ACPA to remedy some of the issues discussed above, including jurisdictional limitations, protection for non-"famous" marks, and expanded monetary and equitable remedies.

A. The New *In Personam* Cause of Action

1. Prerequisites for Relief Under The Amended Section 43(d) of the Lanham Act

The ACPA creates a cause of action contained in a new section 43(d) of the Lanham Act for mark owners to employ against defendants who, in bad faith, obtain domain names that correspond to the mark owners' marks.

Section 43(d) provides for remedies against a defendant who, with a "bad faith intent," registers or uses a domain name that (1) is identical or confusingly similar to a distinctive mark; (2) is identical or confusingly similar to, or dilutes a famous mark; or (3) infringes the trademarks owned by the United States Olympic Committee.[59]

The critical language in the new section 43(d) is the "bad faith" requirement. This limitation was included to ensure that those who register domain names for legitimate reasons will not become liable for cyberpiracy merely because their Web pages are not yet active.[60] The statute sets forth the following nonexclusive list of factors for courts to consider in evaluating whether the registration of the domain name was done by the defendant with the requisite "bad faith intent." Essentially, if the domain name registrant can demonstrate legitimate business[61] or personal[62] reason, then the provisions of section 43(d) will not apply. The statute lists the following nonexclusive factors as meriting consideration:

(I) the trademark or other intellectual property rights of the defendant, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the defendant or a name that is otherwise commonly used to identify the defendant;

(III) the defendant's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the defendant's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the defendant's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation or endorsement of the site;

(VI) the defendant's offer to transfer, sell or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the defendant's prior conduct indicating a pattern of such conduct;

(VII) the defendant's provision of material and misleading false contact information when applying for the registration of the domain name, the defendant's intentional failure to maintain accurate contact information, or the defendant's prior conduct indicating a pattern of such conduct;

(VIII) the defendant's registration or acquisition of multiple domain names which the defendant knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the defendant's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of 15 U.S.C § 1125(c).[63]

It is clear, therefore, that the statute is not intended to penalize innocent infringers. If a court determines that a defendant had a reasonable belief that use of the domain name was a fair or an otherwise lawful use, then the requisite "bad faith intent" will not be found to exist. Essentially, only "true" cybersquatters will be subject to liability under the TCPA.

2. Remedies

As discussed earlier, the remedies available to mark owners in infringement or dilution lawsuits historically have been limited. The ACPA therefore expands the available scope of relief. With respect to equitable relief, a court may now "order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark."[64]

One of the most important revisions to the law is the availability of statutory damages in cases brought under the new section 43(d). In particular, the ACPA authorizes a statutory damages award between $1,000 and $100,000 per domain name, at the discretion of the court, instead of an award of actual damages and an accounting of profits, which have long been available in more typical infringement cases.[65] Significantly, however, statutory damages are not available in cases involving domain names that were registered before the Act's effective date.[66]

B. The New *In Rem* Cause of Action

In response to the *Porsche* court's determination that the Lanham Act only authorized *in personam* suits, the new legislation allows trademark owners to file suit against the domain name itself in a civil *in rem* proceeding if the domain name owner's identity is unknown.[67] To do so, the trademark owner must prove that it exercised due diligence in trying to locate the domain name owner or that personal jurisdiction is otherwise unavailable.[68] Damages are not recoverable in an *in rem* lawsuit. In those cases, recovery is limited to the forfeiture or transfer of the domain name to the mark owner.

The proper judicial district in an *in rem* proceeding is the judicial district where either "the domain name registrar, registry, or other domain name authority that

registered or assigned the domain name is located; or documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court."[69] Because the most widely used registrar, Network Solutions, Inc., is located in the Eastern District of Virginia, it is likely that most *in rem* suits will be filed there.

C. Registrar Liability

As discussed previously, courts unanimously had insulated registers such as Network Solutions, Inc. from liability for contributory infringement or dilution as a result of permitting cybersquatters to register "proper domain names." Consistent with existing case law, the ACPA precludes registrar liability under the new section 43(d)[70] unless there is evidence of "bad faith" or a "reckless disregard of the mark owner's rights."[71]

The ACPA does not provide much guidance on the scope or quantum of bad faith required to overcome this limitation on liability. The only example listed in the statute is "willful failure to comply with a court order."[72] Presumably, this contemplates a situation in which a court orders the forfeiture or transfer of a domain name and the registrar either refuses outright or willfully delays in executing the transfer. It remains to be seen whether courts will permit suits against registrars who allow registration of hundreds of domain names by individuals, on the theory that permitting those registrations is "reckless disregard" for the rights of trademark owners.

D. Protection for Personal Names

The ACPA also prohibits the registration of a domain name that is identical or confusingly similar to the name of another living person without that person's permission, if the registrant's intent is to profit from the domain name by selling it to that other person.[73] A person will not be liable, however, for registering a domain name "in good faith"[74] that is identical or confusingly similar to the name of another living person if such name is used in, affiliated with or related to a work of authorship protected by the federal Copyright Act,[75] or if the person registering the domain name is the copyright owner. The ACPA does not provide for these provisions to be included in the Lanham Act and it therefore remains to be seen where in the United States Code they actually will appear.

As is the case with *in rem* proceedings, monetary recovery is not available under the provisions of the ACPA dealing with personal names. A court may, however, order the forfeiture or cancellation of the domain name or the transfer of the domain name, and award costs and attorneys' fees to the prevailing party.[76]

Conclusion

The passage of the Trademark Cyberpiracy Act does not guarantee that all trademark and service mark owners will be able to "recapture" domain names featuring their marks. Nevertheless, the ACPA does expand the remedies available against those who register domain names with a bad faith intent, and additionally, provides alternative jurisdictional bases upon which to bring suit. As a result, the legislation almost certainly will assist in the efforts to stop the most egregious forms of cybersquatting.

Theodore H. Davis Jr. is a partner in the Atlanta office of Kilpatrick Stockton LLP and practices in the areas of trademark, unfair competition, copyright, and false advertising law. He received his B.A. degree from Davidson College in 1987 and his J.D. degree from the University of Virginia School of Law in 1990.

R. Charles Henn Jr. is an associate in the Atlanta office of Kilpatrick Stockton LLP and practices in the areas of trademark, copyright, trade secret, and unfair competition law. He received his B.A. degree from Emory University in 1995 and his J.D. degree from the University of North Carolina School of Law in 1998.

Christine M. Cason is an associate in the Atlanta office of Kilpatrick Stockton LLP and practices in the areas of trademark and copyright law. She graduated from the University of Rochester in 1996 with a B.A. in Political Science, and received her J.D. degree in 1999 from Emory University School of Law.

Endnotes

1. The ACPA was enacted as part of the much larger District of Columbia Appropriations Act, Pub. L. No. 106-113, 113 Stat. 1501 (1999), which simply incorporated by reference Senate Bill 1948 and therefore did not itself expressly include the provisions discussed by this Article. *Id.* § 1000(a)(9). Title III of Senate Bill 1948 contains the text of the TCPA. *See* S. 1948, 106th Cong. §§ 3001-3010 (1999) (enacted). For ease of reference, this article cites to the Senate Bill, and not to the appropriations act.
2. Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1230 (N.D. Ill. 1996).
3. To the extent that Toeppen made any use of the domain names he had registered, those uses were inevitably contrived and transparent attempts to justify his conduct. *See* Panavision v. Toeppen, 945 F. Supp. 1296, 1300 (C.D. Cal. 1996) (noting that the Web site located at "*panavision.com*" contained aerial photographs of Pana, Illinois), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).
4. The authors of this article represented The Weather Channel

in its successful efforts to "recapture" the "*weatherchannel.com*" domain name.

5. *See* Hasbro, Inc. v. Internet Entertainment Group, Ltd., 40 U.S.P.Q.2d (BNA) 1479 (W.D. Wash. 1996) (issuing preliminary injunction on dilution grounds).
6. 15 U.S.C. §§ 1114, 1125(a) (1994).
7. *See* O.C.G.A. § 23-2-55 (1982); O.C.G.A. §§10-1-372(a), -451(a) (1994); *see also* First Fed. Sav. Loan Ass'n v. First Fin. & Thrift Corp., 201 Ga. 695, 697, 64 S.E.2d 58, 60 (1951).
8. *See* 15 U.S.C.A. § 1125(c) (1998); O.C.G.A. § 10-1-451(a) (1994).
9. Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc., 642 F. Supp. 1031, 1039 (N.D. Ga. 1986).
10. *Id.*
11. *See* 15 U.S.C. §§ 1114, 1125(a), 1125(c) (1994 & Supp. III 1997).
12. 979 F. Supp. 684 (N.D. Ill. 1997).
13. *Id.* at 691 (quoting 15 U.S.C. § 1127).
14. *See* ActMedia, Inc. v. Active Media Int'l, Inc., No. 96C3448, 1996 WL 466527 (N.D. Ill. July 17, 1996).
15. *See, e.g.*, Academy of Motion Picture Arts & Sciences v. Network Solutions Inc., 45 U.S.P.Q.2d (BNA) 1463, 1466 (C.D. Cal. 1997) ("The mere registration of a domain name does not constitute a commercial use."); Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996) ("The use of the first level domain designation '.com' does not in and of itself constitute a commercial use."); Panavision Int'l, L.P. v. Toeppen, 945 F. Supp. 1296, 1303 (S.D. Cal. 1996) ("Registration of a trade as a domain name, without more, is not a commercial use of the trademark. . . ."), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).
16. *See* Teletech Customer Care Management (Cal.), Inc. v. Tele-Tech Co., 977 F. Supp. 1407, 1413 (C.D. Cal. 1997) ("Defendant in this case . . . demanded that Plaintiff pay money to the Defendant in order for Defendant to stop using the . . . domain name."); *Intermatic*, 947 F. Supp. at 1239 ("Toeppen's desire to resell the domain name is sufficient to meet the 'commercial use' requirement of the Lanham Act.").
17. Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 880 (9th Cir. 1999).
18. *See* Green Prods. Co. v. Independence Corn By-Products Co., 992 F. Supp. 1070, 1077 (N.D. Iowa 1997).
19. 983 F. Supp. 1331 (D. Or. 1997).
20. *See id.* at 1333.
21. *See* Interstellar Starship Servs., Ltd. v. Epix, Inc., 184 F.3d 1107, 1111-12 (9th Cir. 1999), *petition for cert. filed*, 68 U.S.L.W. 3390 (U.S. Nov. 9, 1999) (No. 99-925).
22. 66 F. Supp. 2d 117 (D. Mass. 1999).
23. Hasbro also pointed to similarities in Clue Computing's use of a magnifying glass in its logo, and that both companies offered technical support. The court held that these were insufficient to raise any risk of consumer confusion. *See id.* at 122.
24. *See id.* at 126. The court also held that Hasbro's evidence of actual confusion (three misdirected e-mails over a four year period) was insufficient as a matter of law. *See id.* at 124.
25. *Id.* at 125.
26. 33 F. Supp. 2d 488 (E.D. Va. 1999).
27. The defendant also owned "*washington-speakers.com*," "*washingtonspeakers.net*," and "*washington-speakers.net*," and was ordered to relinquish all of them.
28. *See* 33 F. Supp. 2d at 497-98.
29. *See id.* at 499.
30. *Id.* at 500.
31. *See id.* at 500-01.
32. *Id.* at 501. For other cases involving successful plaintiffs on similar facts, see also Brookfield Communications, Inc. v. West Coast Entertainment Corp., 174 F.3d 1036 (9th Cir. 1999) (reversing denial of preliminary injunction where defendant's "*moviebuff.com*" domain name was likely to be confused with plaintiff's MOVIE BUFF mark; also holding use of plaintiff's mark in "metatags" of Web site is actionable under § 43(a)); Public Serv. Co. v. Nexus Energy Software, Inc., 36 F. Supp. 2d 436 (D. Mass. 1999) (granting a preliminary injunction when plaintiff's mark was ENERGY PLACE and defendant's domain name was "*energyplace.com*").
33. 141 Cong. Rec. S19312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy).
34. Gateway 2000, Inc. v. Gateway.com, Inc., No. 5:96-CV-1021-BR(3), 1997 U.S. Dist. LEXIS 2144, at *6 (E.D.N.C. Feb 6, 1997).
35. 15 U.S.C.A. § 1125(c)(1)(A)-(H) (1998).
36. 1997 U.S. Dist. LEXIS 2144.
37. *See also Washington Speakers Bureau*, 33 F. Supp. 2d at 504 (WASHINGTON SPEAKERS BUREAU held not famous under FTDA, but finding defendant liable for infringement).
38. 189 F.3d 868 (9th Cir. 1999).
39. *Id.* at 874-76.
40. 947 F. Supp. 1227 (N.D. Ill. 1996).
41. *Id.* at 1239.
42. 945 F. Supp. 1296 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).
43. *Id.* at 1303.
44. 977 F. Supp. 1407 (C.D. Cal. 1997).
45. *Id.* at 1411.
46. 40 U.S.P.Q.2d (BNA) 1836 (N.D. Cal. 1996).
47. *See* Hasbro, Inc. v. Internet Entertainment Group Ltd., 40 U.S.P.Q.2d (BNA) 1479 (W.D. Wash. 1996) (issuing preliminary injunction on dilution grounds).
48. 51 F. Supp. 2d 707 (E.D. Va. 1999).
49. *Id.* at 712.
50. *Id.* at 713.
51. *See* Carl Oppedahl, *Remedies in Domain Name Lawsuits: How is A Domain Name Like a Cow?*, 15 J. MARSHALL J. COMPUTER & INFO. L. 437, 444 (1997).
52. *See* Green Prods. Co. v. Independence Corn By-Products Co., 992 F. Supp. 2d 1070, 1081 (N.D. Iowa 1997).
53. *See id.* at 1077 (noting that "this Court would still find a close proximity between the domain name '*greenproducts.com*' and any of the alternative domain names that ICBP suggests, such as '*green-products.com*' '*greenproductsco.com*' or '*greenproducts-co.com.*'"); Comp Examiner Agency, Inc. v. Juris, Inc., No. 96-0213-WAB, 1996 WL 376600, at *1 (C.D. Cal. Apr. 26, 1996) (enjoining plaintiffs from using "the Internet domain name '*juris.com*,' or any confusingly similar variation thereof, including, but not limited to '*juriscom.com*,' for the advertising, operation or maintenance of any Internet site or bulletin board service").
54. *See* Lockheed Martin Corp. v. Network Solutions Inc., 194 F.3d 980 (9th Cir. 1999); Academy of Motion Picture Arts & Sciences v. Network Solutions, Inc., 45 U.S.P.Q.2d (BNA) 1463 (C.D. Cal. 1997).
55. *See, e.g.*, *Academy*, 45 U.S.P.Q.2d (BNA) at 1464-65.
56. *Lockheed*, 194 F.3d at 983.
57. *Id.* at 985.
58. *Academy*, 45 U.S.P.Q.2d (BNA) at 1467 (noting that NSI

cannot have actual knowledge of infringement until it has been determined *by a court* that the domain name infringes the trademark registration) (citing Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 264 (9th Cir. 1996)).

59. *See* Anticybersquatting Consumer Protection Act, S. 1948, 106th Cong. §§ 3001-3010 (1999) (enacted as part of the Omnibus Consolidation Appropriation Act, Pub. L. No. 106-113, 113 Stat. 1501 (1999)) (to be codified at 15 U.S.C. § 1125(d)).
60. One of the inherent limitations on trademark law in the context of domain names is the fact that the current naming conventions do not lend themselves to classification by goods or services. Therefore, although several companies may obtain federal trademark registrations for the same mark, as long as the goods or services are sufficiently distinct, only one entity may own the ".com" domain name for that mark. For that reason, neither Delta Airlines or Delta Faucets Company may sue Delta Financial Corporation for trademark infringement or as a cybersquatter simply because the latter first obtained the domain name "*delta.com*."
61. If, for example, the domain name corresponds to the registrant's trade or business name.
62. If the domain name is the registrant's given name, for example.
63. S. 1948, 106th Cong. § 3002(a) (to be codified at 15 U.S.C. § 1125(d)(1)(B)(i)).
64. *Id.* § 3002(a) (to be codified at 15 U.S.C. § 1125(d)(1)(C)).
65. *See id.* § 3003(b) (to be codified at 15 U.S.C. § 1117(d)).
66. *See id.* § 3010 ("[D]amages under subsection (a) or (d) of section 35 of the Trademark Act of 1946 (15 U.S.C. 1117), as amended by section 3003 of this title, shall not be available with respect to the registration, trafficking, or use of a domain name that occurs before the date of the enactment of this Act.")
67. *See id.* § 3002(a) (to be codified at 15 U.S.C. § 1125(d)(2)(A)).
68. *See id.* (to be codified at 15 U.S.C. § 1125(d)(2)(A)(ii)).
69. *See id.* (to be codified at 15 U.S.C. § 1125(d)(2)(C)).
70. The TCPA, however, does not insulate registrars from liability under other provisions of the Lanham Act or the common law. Therefore, it is still theoretically possible for a trademark owner to file contributory infringement lawsuits against NSI and other registrars.
71. *See id.* (to be codified at 15 U.S.C. § 1125(d)(2)(D)(ii)).
72. *Id.*
73. *See id.* § 3002(b)(2).
74. *See id.* § 3002(b)(1)(B).
75. 17 U.S.C.A. §§ 101-1332 (1996 & Supp. 1999).
76. *See* S. 1948, 106th Cong. § 3002(b)(2).

National Legal Research pickup 12/99 p87

Insurance Specialists new pickup 12/99 page 87

So. Ga. Mediation pickup 12/99
page 49

house ad from
Ga. Bar

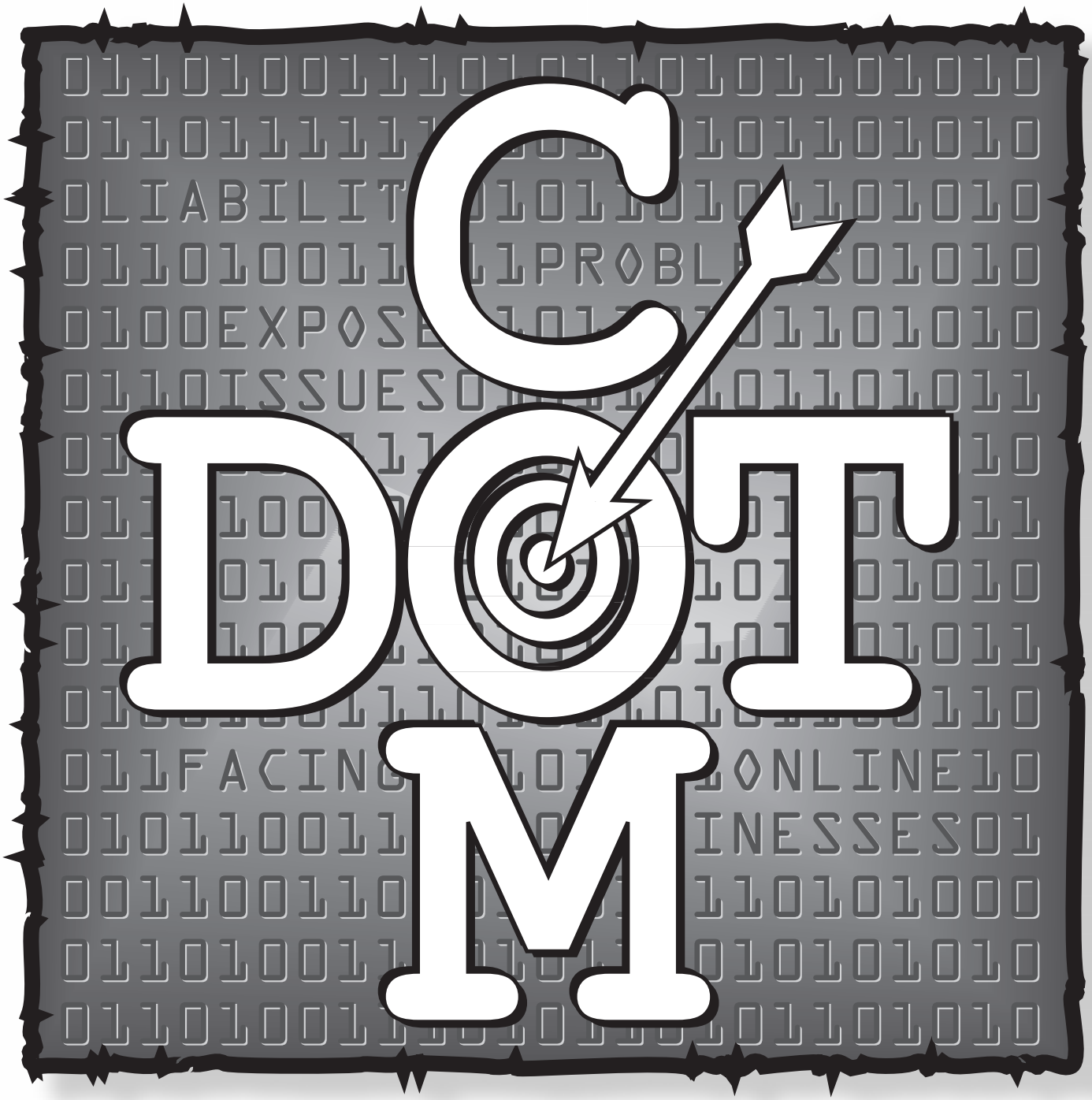
Liability Issues Facing Online Businesses

By David E. Shipley

Online businesses are confronted by a wide variety of liability issues covering almost the full range of the standard law school curriculum. The liability problems that face a small business in Vidalia, Georgia, which is selling Vidalia onion products at specialty stores, through print advertising, and by mail, do not go away when the business starts marketing through a Web site. In fact, there might be more exposure doing business online, and there are variations depending upon the nature of the business in question. For example, as discussed below, an Internet Service Provider ("ISP") like America Online has worries that are not shared by the online Vidalia onion business. The decision to take a business online should not be taken lightly. This article addresses only a few of the high points of this ever changing and expanding subject.

Jurisdiction

Where can an online business be sued? Courts throughout the United States are deciding cases regarding



jurisdiction over online defendants. Some courts have concluded that merely posting a Web site that can be accessed in a state is not enough for personal jurisdiction, unless the company is using its site to solicit business in the forum state.[1] For instance, in one case a South Carolina defendant's Web page, accessible by residents of all states, was not a sufficient contact to subject that defendant to personal jurisdiction in Oregon even though an Oregon resident could place orders with the defendant through the site.[2] Jurisdiction may depend upon showing that the Web site operator seeks contacts within the jurisdiction beyond just posting a site.[3] On the other hand, some courts may be willing to find personal jurisdiction notwithstanding the passive nature of the defendant's Web site.[4] Thus, if a company transmits information over the Internet while knowing that the information will be disseminated in a particular state, it may be subject to personal jurisdiction in that state for violations of its laws.[5]

Foreign countries might try to reach an online business with even fewer contacts to the forum. For example, German law arguably subjects any Web site accessible

from Germany to its jurisdiction, and authorities there recently arrested a CompuServe executive when the company failed to take steps to stop the transmission of child pornography accessible in Germany.[6] Similarly, European consumer laws may apply when companies make sales to European consumers over the net. A recent European Community directive mandates that choice of law in disputes over consumer contracts is always the law of the domicile of the consumer.[7] It seems that the hypothetical Vidalia onion products company with its Web site marketing plan may be subject to jurisdiction far outside of the Georgia counties where true Vidalia onions are grown.

Doctors, lawyers and other professionals with online operations must protect the personal information of their clients.

Invasions of Privacy

Concerns about invasions of privacy through new technology predate the Internet; however, its rapid expansion has increased threats against privacy. The Internet has reduced the cost of information, has made access easier than before, and has created new ways of gathering personal data. At the same time, information has become more valuable. Liability may arise by failing to implement appropriate security measures and policies for maintaining a secure system. Confidential information held by an online business without a secure system could be readily accessible to a hacker. This should be a concern to doctors and lawyers who operate online. Confidentiality of patient and client information must be protected. Conversely, liability may also arise from improperly invading the privacy of other persons. Accordingly, a Web site which collects user data must have a policy on how it utilizes and maintains user information online.[8] The FTC has issued online privacy recommendations, the European Union has a Directive on the Protection of Personal Data,[9] and the Children's Online Privacy Protection Act regulates the collection, use, and distribution of information from individuals 13 years or younger. Although this latter statute is controversial and has been challenged,[10] there are many other federal statutes which protect the privacy of information.[11]

Having an internal policy on e-mail and computer use by employees is important. For example, the University of Georgia's policy on the use of its computers includes the following statement:

> Users shall not place confidential information in computers without protecting it appropriately. The University cannot guarantee the privacy of computer files, electronic mail, or other information stored or transmitted by computer unless special arrangements are made.[12]

Any employee who reads this statement should understand that they cannot expect privacy protection for their e-mail communications and, in the event a communication is disclosed or made public, that their claim for invasion of privacy could be weak.

Online businesses must be prepared for privacy claims. Protecting credit-card numbers and other financial information of consumers is vital. Doctors, lawyers and other professionals with online operations must protect the personal information of their clients. As the amount of highly confidential information held online increases, there will be a corresponding increase in the number of complaints about invasions of privacy and violations of statutes designed to protect privacy.[13]

Tax Liability

The Internet Tax Freedom Act, passed in 1998, imposes a three-year ban on discriminatory taxes associated with Internet access and services, but it did not eliminate state taxes that were already in place.[14] Many states have taxes on Internet access, telecommunications services, and other types of computer processing. At a minimum, an online business must be concerned about potential sales, use, and income taxes in those states where it is doing business, procuring and supplying goods, and making sales.[15] Professor Walter Hellerstein's summary of the law of sales taxes in a cyber economy is as follows:

> First, states possess the power to enact sales and use taxes on electronic commerce subject to the limited restraints now temporarily imposed by the Internet Tax Freedom Act. Second, states generally have exercised that power under their sales and use taxes only with respect to tangible (as distinguished from digital) products. Third, states lack the constitutional power to require a non-physically-present seller who sells tangible or digital products over the Internet to collect any use tax that a state may seek to impose with respect to such products, even though the

consumer has a legal obligation to pay such use tax. Finally, Congress possesses broad constitutional authority to expand, restrain, or otherwise prescribe the rules governing state taxation of electronic commerce.[16]

In short, tax liability issues are not settled. Online businesses should not expect to receive clear answers to all of their questions about these potential tax issues.

Contractual Liability Issues

Purchasers of personal computers and software are now familiar with the warning that flashes on the screen when the machine is turned on for the first time or when new software is loaded: "By turning on this XYZ computer and loading the XYZ software package, the purchaser/operator hereby agrees to the terms of the following license." The terms and conditions of most of these licenses, often called click-on licenses, are likely enforceable in view of the decision in *ProCD, Inc. v. Zeidenberg*.[17] An online business may need to adhere to another company's license, and it may need to enforce its own click-on, click-off license. The holding of *ProCD* also raises a number of issues such as what type of notice, if any, is sufficient to inform a buyer that certain contract terms will apply. A pay-now-terms-later license was held enforceable in *M. A. Mortenson Co. v. Timberline Software Corp.*[18] These types of licenses appear to be enforceable even if notice of the terms seems minimal, and, according to several courts, the Gateway 2000 "Accept or Return" policy does not constitute a contract of adhesion.[19] Moreover, recent decisions portend regular enforcement of bundled or linked terms, at least insofar as is necessary to reasonably protect intellectual property rights. However, it is too early to tell how these results will be balanced against the willingness of some courts to find such agreements unenforceable when necessary to protect the rights of injured consumers.[20]

The doctrine of copyright misuse is gaining acceptance, and courts might apply it more often in licensing litigation. This doctrine is defined as the use of a copyright to secure an exclusive license or limited monopoly beyond that granted by copyright law and which is contrary to public policy.[21] For instance, the Fourth Circuit held that a company had misused its copyright by including in its standard license a non-competition clause which prohibited licensees from creating competing software programs during the ninety-nine year term of the license. The court stated this agreement "essentially attempts to suppress any attempt by the licensee to independently implement the idea which [the copyrighted program] expresses."[22] The length of the restraint also was a problem for the court.[23] However, it is important to note that the concept of copyright misuse is not settled. Drafters of software licensing agreements must weigh carefully the impact of this potential defense. Poor drafting may deprive copyright owners of the ability to enforce their copyrights and license agreements.[24]

Criminal liability

The Internet can be misused in a variety of ways that may result in criminal liability for the user. For instance, in the spring of 1999 the FBI arrested a Raleigh, North Carolina, man on federal charges of fabricating news of a corporate takeover and posting a false report on an Internet site said to belong to the Bloomberg News Service. This is believed to be the first stock manipulation scheme done with a fraudulent site. Due to the hoax, the publicly traded stock of the company in question, PairGain, went up over 30 percent and trading volume increased dramatically.[25]

In another federal case, a Utah citizen was indicted for making a threatening communication in violation of a federal statute when he knowingly transmitted in interstate commerce a communication stating that he intended to injure another person with a bomb. The fact that the threatening message was sent to someone in Utah did not block the prosecution because the message first went to America Online's facility in Virginia before reaching the Utah recipient. The federal magistrate held that the defendant had used interstate commerce and this was upheld by the district court.[26]

In another case, a former network administrator was indicted for launching a LAN-based logic bomb which was timed to explode three weeks after he had been fired. This act of sabotage destroyed his former company's software and caused over $10 million in damage. He was charged with violating federal statutes outlawing fraud and other activities with computers.[27]

Internet content providers need to be aware that their material can be examined for obscenity not only under the community standards of the place they are located, but also in any community in which the material is available. A pornographic site based in Atlanta could be charged under federal obscenity laws in Arkansas and judged under the community standards in Little Rock.[28]

Computer crime is a growing concern for network operators and online businesses. They must devote more and more resources to avoid system crackers, unauthorized access to their information, damage to data, the spread of viruses, and other kinds of hacking.[29]

Liability for Unauthorized Practice

Lawyers, doctors and other professionals are using the Internet, and Web sites devoted to medical, legal and financial issues are common. These sites help with marketing and attracting new clients and customers. However, regulation of professional advertising varies from state to state. Some jurisdictions have begun to monitor lawyers' Web sites, and the medical press is warning doctors about liability issues which may arise from their sites. Moreover, cyberlawyers and cyberdoctors must be concerned about engaging in unauthorized practice in those jurisdictions where their sites can be accessed. In January 1998 the California Supreme Court opined that a lawyer may be engaging in the "unauthorized practice of law" in violation of state statutes, by advising a California client on California law through "telephone, fax, computer, or other modern technological means."[30]

For ISPs like America Online and CompuServe, a much debated issue is whether they should be liable for the defamatory speech of their members.

Liability for Fraud and Unfair Trade Practices

Statutes and common law proscribing fraud are being extended to deal with online activities. The FTC has sued to halt a pyramid scheme operated on a company's Web site,[31] and the SEC has pursued a number of fraudulent online marketing schemes.[32] More and more companies are selling securities on the Web, and the Internet contains a great deal of information about publicly traded companies. Hence, misleading or deceptive information on a site may result in violations of unfair trade practice and consumer protection statutes.[33] The Computer Fraud and Abuse Act,[34] with civil and criminal provisions, is a powerful weapon against hackers. For instance, in *North Texas Preventative Imaging, L.L.C. v. Eisenberg,* a time bomb inserted into a software update to ensure payment was seen as a possible violation of the Act's civil provisions.[35]

It is reasonable to conclude that a marketing scheme, trade practice, sales program, or method of doing business which is regarded as fraudulent or unfair in the "offline" world, also will be treated as fraudulent or unfair when it is perpetrated online.

Liability for Defamation and Libel

Managing libelous speech on the Internet is another area of concern. Online businesses can be liable for slander, defamation and libel through a wide variety of online activities. For instance, Wade Cook Financial and Wade Cook Seminars filed suit in federal court for defamation against several "John Doe" defendants — unnamed users of Yahoo! Inc. — alleging that they published false and defamatory statements about the company on the Yahoo! Business & Finance Message Board.[36] Defamation can occur in a posting on a bulletin board or on a file server, databases can contain defamatory material, and there can be defamatory statements in e-mail. A scanned photograph can be defamatory. Here also, an entity responsible for posting a defamatory message online can be just as liable for its actions as if it had made the defamatory statement in the offline world.[37]

For ISPs like America Online and CompuServe, a much debated issue is whether they should be liable for the defamatory speech of their members. Permitting widespread distribution of libel on the Internet can damage the community of users, but mandating liability for ISPs or those in a position to be moderators of postings can be just as damaging and possibly result in regulation of speech and its content. Section 230 of the Communications Decency Act of 1996 granted ISPs broad immunity from liability if they merely carry content generated by others.[38] In *Doe v. America Online, Inc.* a tort action for distribution of child pornography was dismissed in reliance on section 230.[39] Similarly, in *Zeran v. America Online, Inc.*[40] the court upheld an ISP's immunity and explained that Congress's rationale for this protection was "to maintain the robust nature of Internet communication" and to keep ISPs from "severely restrict[ing] the number and type of messages posted" out of fear of being liable.[41] The court in *Blumenthal v. Drudge* took an extra step and held that even an ISP which pays a member for certain postings is immune from liability for the poster's libel absent a showing of ISP control.[42]

The debate over whether an ISP should be immune from liability for the libelous postings of its members will likely continue as use of the Internet grows. Blanket immunity might go too far, but it is difficult to predict the chilling impact of holding ISPs liable for members' postings.[43]

Liability for Sexual Harassment and Other Employment Issues

The use of Web sites and e-mail can expose companies to claims of sexual harassment, creating a hostile work environment and employment discrimination. A company-wide policy defining appropriate uses may be necessary. Moreover, it is important to remember that employee use of e-mail can be evidence obtained through discovery in litigation, yet employer monitoring of company/employee e-mail and Web page use can expose the employer to liability for violating the Electronic Communications Privacy Act.[44]

Liability for Termination of Users

The issue of potential liability for terminating members has not been heavily litigated, but ISPs are being advised to establish use policies with members in order to make their authority to terminate clear. So long as providers are regarded as private actors rather than public forums or utilities, such membership contracts and policies should be upheld. For instance, in *Cyber Promotions, Inc. v. Apex Global Information Services, Inc.*,[45] an ISP's summary termination of a member was enjoined because the contract between the ISP and the member provided for notice prior to termination. The court said that even though the member, Cyber Promotions, was not liked on the Internet, it was entitled to have its contract enforced.[46]

Liability for Infringement of Intellectual Property Rights

Any online business needs to be aware of copyright and trademark infringement issues because "[i]n general, unauthorized use on the Internet of another's written words, trademarks, trade names, service marks, literary characters, images, music or sound is a violation of that party's intellectual property rights, just as it would be in a non-Internet medium under traditional principles of intellectual property law."[47] Infringement can result from the selection of a domain name that is used to identify and locate the site on the Internet. Many companies use their trademark as the domain name for their site (such as "*www.ford.com*" for Ford Motor Company), but it is not uncommon for companies to encounter another site operating under an identical or confusingly similar domain name. Counsel needs to be familiar with the policies and procedures of Network Solutions, Inc., which is responsible for the registration of domain names, the case law on domain name disputes, and the law on trademark infringement and dilution.[48]

Copyright infringement is very easy with the Internet. Once online, digital versions of works can be uploaded, downloaded and duplicated with ease, modified, and transmitted to thousands of other users almost instantaneously. Virtually every activity on the Internet – browsing, caching, linking, downloading, accessing information, and operating an online service – involves making copies. Copying is inherent to the medium, but there is still uncertainty about the scope of copyright owners' rights. They may have potentially unprecedented rights over the use of their materials on the Internet, and balancing their rights with user interests will have to be struck by application of the fair use doctrine and recognition of implied licenses.[49]

Discovering, tracking and stopping trademark and copyright infringement on the Internet is daunting, but techniques and technology are being developed to monitor the Web for illegal use of trademarks, copyrighted materials, and other works.[50]

Franchise Liability

Franchise law violations can occur in cyberspace in any jurisdiction from which someone can access a supplier's Web site. The FTC has proposals to deal with the application of franchise regulations in cyberspace, but these proposals will not help suppliers of computer hardware and software determine whether their distribution agreements are subject to franchise regulation in the first place. If a supplier does not want to deal with the laws and regulations associated with being a franchise, it may need to change its relationship with distributors to avoid having contracts satisfy the definition of a franchise.[51]

Liability for Advertising

The Internet works well for advertising but this easy and relatively inexpensive access to the global market also gives everyone relatively easy access to the site owner. Every site owner needs to remember that the site could be subject to regulation or result in liability outside those specific areas being targeted by the advertising. Some countries prohibit comparative advertising, and others may deem sexual, religious or political content illegal.[52] For instance, as noted above, a prosecutor in Munich arrested the local managing director of CompuServe on charges that Internet content distributed by CompuServe's main computers in Dayton, Ohio, violated German anti-obscenity laws. The local managing director had nothing to do with the content made available to CompuServe subscribers.[53]

Liability Issues Facing Service Providers

ISPs are confronted by a variety of legal issues. If the system is used as an outlet for defamation, should the user who posted the defamatory statement or the ISP providing the forum be held liable? If pornographic or obscene material is posted, who is liable? If copyrighted material is reproduced and transmitted without the permission of the copyright owner, who is liable? Can the provider be liable for the spread of a virus? Can the provider be liable for invasions of privacy? What risks are being faced by system operators?[54] What if the general service provided by the ISP is deficient?[55] There are several theories for either holding ISPs liable or arguing that they should be exempt including analogies between ISPs and the print media; asserting that the ISP is a common carrier or broadcaster; or saying that the system is like routine mail delivery, a public forum, or a traditional bulletin board. In any event, how realistic is it for an ISP to be able to control or monitor the thousands of messages which are transmitted on its system?[56] Fortunately, many of the issues surrounding potential ISP liability for copyright infringement are now addressed by amendments to the Copyright Act that were enacted in 1998,[57] and the Communications Decency Act of 1996[58] addresses ISP liability for libelous postings.[59]

Conclusion

Taking a business online through the utilization of new information technologies and use of the Internet is exciting. There is no doubt that the potential rewards are tremendous. There are, however, many risks involved. Business practices, employee conduct, and other activities which can lead to liability in the "offline" world, will also result in liability for the online business.[60] Nevertheless, it is clear that these risks have not stopped entrepreneurs from establishing successful offline businesses, and the online liability risks do not appear to be holding back many cyberspace entrepreneurs. Log On!

David E. Shipley has been dean and professor of law at the University of Georgia School of Law since July 1, 1998. He has experience teaching courses on copyright, administrative law, civil procedure, intellectual property, legal and equitable remedies, and domestic relations. He is a graduate of Oberlin College (Ohio) with highest honors in American History, and the University of Chicago Law School where he was executive editor of the Chicago Law Review.

Endnotes

1. CompuServe, Inc. v. Patterson, 89 F.3d 1257 (6th Cir. 1996); Bensusan Restaurant Corp. v. King, 937 F. Supp. 295 (S.D.N.Y. 1996), *aff'd*, 126 F.3d 25 (2d Cir. 1997).
2. Millennium Enters., Inc. v. Millennium Music, LP, 33 F. Supp. 2d 907 (D. Or., 1999).
3. *See, e.g.*, EDIAS Software Int'l, L.L.C. v. BASIS Int'l, Ltd., 947 F. Supp. 413 (D. Ariz. 1996).
4. *See* Bunn-O-Matic Corp. v. Bunn Coffee Serv. Inc., 46 U.S.P.Q.2d (BNA) 1375 (C.D. Ill. 1998).
5. Lorelie S. Masters, *Professionals Online: Advice for Travels on the Information Super-highway*, 16 COMPUTER LAW., Mar. 1999, at 1, 5; *see also* Dale M. Cendali, et al., *An Overview of Intellectual Property Issues Relating to the Internet*, 89 TRADEMARK REP. 485, 557-68 (1999).
6. Masters, *supra* note 5, at 5.
7. Ron N. Dreben & Johanna L. Werbach, *Top 10 Things to Consider in Developing an Electronic Commerce Web Site*, COMPUTER LAW., May 1999, at 17, 19; *see also* Cendali, *supra* note 5, at 568-74; Masters, *supra* note 5, at 5.
8. Erika S. Koster, *Zero Privacy: Personal Data on the Internet*, COMPUTER LAW., May 1999, at 7; Kevin A. Cranman, *Privacy and Technology: Counseling Institutions of Higher Education*, 25 J.C.&U.L. 69, 80 (1998).
9. European Parliament & Council Directive 95/46/EC, 1995 O.J. (L281) 31.
10. *See* ACLU v. Reno, 31 F. Supp. 2d 473 (E.D. Pa., 1999); *District Court Enjoins Enforcement of Child Online Protection Act*, COMPUTER LAW., Jan. 1999, at 29; *District Court Enjoins Enforcement of the Child Online Protection Act*, COMPUTER LAW., Mar. 1999, at 31. The bill itself was part of the $500 billion 1998 Omnibus Appropriations Act, Pub. Law. No. 105-227. *See also Child Online Protection Act*, COMPUTER LAW. Dec. 1998, at 27.
11. *See, e.g.*, Computer Fraud and Abuse Act, 18 U.S.C.A. § 1030 (Supp. 1999); Family Educational Privacy Act of 1974, 20 U.S.C.A. § 1232g (2000); Video Privacy Act of 1988, 18 U.S.C.A. §§ 2710-2711 (Supp. 1999); Electronic Communications Privacy Act, 18 U.S.C.A. §§ 2510-2522, 2701-2711 (1970 & Supp. 1999); Koster, *supra* note 8, at 11 (listing and discussing federal statutes dealing with privacy).
12. The University of Georgia Computer Security and Ethical Use Committee (visited Jan. 6, 2000) <*http://www.uga.edu/compsec/use/html*>. The computer policy includes the following comments to provide further guidance:
    Ordinary electronic mail is not private. Do not use it to transmit computer passwords, credit card numbers, or information that would be damaging if made public. Bear in mind that students' educational records are required by law, and by U.Ga. policy, to be kept confidential. It is also necessary to protect confidential information about employees, such as performance evaluations. This applies not only to networked computers, but also to computers, tapes, or disks that could be stolen; an increasing number of computer thieves are after data rather than equipment.
    The University will normally respect your privacy but cannot guarantee it absolutely. There are many ways a normally private file can end up being read by others. If a disk is damaged, a system administrator may have to read all the damaged files and try to reconstruct them. If email is mis-addressed, it may go to one or more "postmasters" who will read it and try to correct the address. For your own protection, system administrators will often look at unusual activity to make sure your account hasn't fallen victim to a "cracker."

The Georgia Open Records Act applies to information stored in computers. This act gives citizens the right to obtain copies of public records, including any record prepared, received, or maintained by the University in the course of its operations. Some kinds of records are exempt; among these are student records (including tests and homework), medical records, confidential hiring evaluations, trade secrets (which probably includes unpublished research), and material whose disclosure would violate copyright. Moreover, the Open Records Act is not a license to snoop; requests for information must be made through proper administrative channels.

13. Masters, *supra* note 5, at 6.
14. Internet Tax Freedom Act, Pub. L. No. 105-277, tit. XI, 112 Stat. 2681 (1998); *Internet Tax Freedom Act*, COMPUTER LAW., Dec. 1998, at 27.
15. Dreben & Werbach, *supra* note 7, at 18.
16. Walter Hellerstein, *The Law of Sales Taxes In a Cyberspace Economy*, 17 STATE TAX NOTES 111, 114 (1999).
17. 86 F.3d 1447 (7th Cir. 1996).
18. 93 Wash. App. 819, 970 P.2d 803 (1999).
19. Hill v. Gateway 2000, Inc., 105 F.3d 1147 (7th Cir. 1997); Brower v. Gateway 2000, Inc., 246 A.D.2d 246, 248, 676 N.Y.S.2d 569, 570 (1998) ("'This document contains Gateway 2000's Standard Terms and Conditions. By keeping your Gateway 2000 computer system beyond thirty (30) days after the date of delivery, you accept these Terms and Conditions.'").
20. Stephen J. Davidson & Scott J. Bergs, *Open, Click or Download: What Have You Agreed To? The Possibilities Seem Endless*, COMPUTER LAW., Apr. 1999, at 1, 6, 8.
21. Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970, 977 (4th Cir. 1990).
22. *Id.* at 978.
23. *Id.*
24. William E. Thomson, Jr. & Margaret Y. Chu, *Overstepping the Bounds: Copyright Misuse*, COMPUTER LAW., Nov. 1998, at 1, 6.
25. *Authorities Bring Charges Against Perpetrator of Internet Stock Fraud*, COMPUTER LAW., May 1999, at 23.
26. United States v. Kammersell, No. 2:97-CR-84 C, 1998 U.S. Dist. LEXIS 8719 (D. Utah Apr. 13, 1998), *adopted*, 7 F. Supp. 2d 1196 (D. Utah 1998), *aff'd*, No. 98-4177, 1999 U.S. App. LEXIS 29818 (10th Cir. Nov. 15, 1999); *Court Finds Email Created Federal Jurisdiction Over Crime*, COMPUTER LAW., Sept.1998, at 27.
27. *Former Network Administrator Indicted for Computer Sabotage*, COMPUTER LAW., Apr. 1998, at 16.
28. *See* United States v. Thomas, 74 F.3d 701 (6th Cir. 1996); *see generally* GEORGE B. DELTA & JEFFREY H. MATSUURA, LAW OF THE INTERNET Ch. 8 (2000) (Chapter 8 is entitled "Obscene and Indecent Materials"); Cendali, *supra* note 5, at 549.
29. *See* David J. Loundy, *E-LAW 4: Computer Information Systems Law and System Operator Liability*, 21 SEATTLE U.L.REV. 1075, 1131 (1998).
30. Birbrower, Montalbano, Condon & Frank, P.C. v. Superior Court, 17 Cal. 4th 119, 949 P.2d 1, *cert. denied*, 119 S. Ct. 291 (1998).
31. Masters, *supra* note 5, at 6.
32. *SEC Continues Internet Fraud Crackdown*, COMPUTER LAW., Apr. 1999, at 27 (summarizing four enforcement actions filed by the SEC on February 25, 1999, against 13 individuals and companies across the country for committing fraud over the Internet and deceiving investors).
33. *See also* Jonathan Wilson, What's In a Web Site?, GA. B.J., Apr. 1999, at 14-18.
34. 18 U.S.C.A. § 1030 (Supp. 1999).
35. No. CV 96-71, 1996 U.S. Dist. LEXIS 19990, at *22-*23 (C.D. Cal. Aug. 19, 1996); Loundy, *supra* note 28, at 1134-35.
36. *Company Files Defamation Action Against "John Doe" Internet User*, COMPUTER Law., Apr. 1999, at 27; *see also* Masters, *supra* note 5, at 6.
37. Loundy, *supra* note 28, at 1106, 1115.
38. 47 U.S.C.A. § 230 (Supp. 1999).
39. No. CL 97-631AE (Fla. St. Ct. June 13, 1997).
40. 129 F.3d 327 (4th Cir. 1997).
41. *Id.* at 330-31.
42. 992 F. Supp. 44, 47, 49-50 (D.D.C. 1998).
43. *Developments in the Law – The Law of Cyberspace*, 112 HARV. L. REV. 1574, 1600-01 (1999).
44. Electronic Communications Privacy Act of 1986, Pub. L. No. 99-508, 100 Stat. 1848 (codified in scattered sections of 18 U.S.C.); Wilson, *supra* note 32, at 17; Masters, *supra* note 5, at 7.
45. No. 97-5931, 1997 U.S. Dist. LEXIS 15344 (E.D. Pa. Sept. 30, 1997).
46. *Id.* (Cyber Promotions was a spammer — a company which, without solicitation, e-mailed its message to thousands of addresses simultaneously); *see also* DEVELOPMENTS IN THE LAW, *supra* note 42, at 1604. No court has yet imposed on an ISP a duty to provide notice and a hearing to terminated members, but if the public access model of the Internet grows, public providers may be classified as state actors who should be held to certain procedural requirements before member termination. DEVELOPMENTS IN THE LAW, *supra* note 42, at 1605.
47. Cendali, *supra* note 5, at 485.
48. Scott A. Zebrak, *A Step-by-Step Guide to Handling Domain Name Disputes*, COMPUTER LAW., Apr. 1999, at 21, 23; *see also* Cendali *supra* note 5, at 492-523 (summaries of numerous cases involving domain name disputes).
49. David L. Hayes, *Application of Copyright Rights to Specific Acts on the Internet*, COMPUTER LAW., Aug. 1998, at 1, 20.
50. Cendali, *supra* note 5, at 486-87.
51. Michael J. Lockerby, *Avoiding Collisions With Franchise Laws on the Information Superhighway*, COMPUTER LAW., Oct.1998, at 8, 14.
52. Jonathan I. Ezor, *Representing the New Media Company: Advertising on the Web*, COMPUTER LAW., May 1998, at 6, 7-8.
53. Masters, *supra* note 5, at 5; Ezor, *supra* note 51, at 8; *see generally*, Mary M. Luria, *Controlling Web Advertising: Spamming, Linking, Framing, and Privacy*, COMPUTER LAW., Nov. 1997, at 10.
54. Loundy, *supra* note 28, at 1081-82.
55. BENJAMIN WRIGHT & JANE K. WINN, THE LAW OF ELECTRONIC COMMERCE 17-1 (1998).
56. Loundy, *supra* note 28, at 1082-1105.
57. 17 U.S.C.A. § 512 (Supp. 1999); *see* Christian C. M. Beams, *The Copyright Dilemma Involving Online Service Providers: Problems Solved . . . for Now*, 51 FED. COMM. L. J. 823, 827 (1999).
58. 47 U.S.C.A. § 230 (Supp. 1999).
59. *See also supra* notes 29 to 35.
60. WRIGHT & WINN, *supra* note 54, at 1-1.

Filing in Courthouses Goes Online

By Nikki Hettinger

Last October, the State Court of Fulton County began requiring electronic filing (e-filing) of court documents in selected cases, beginning with the consolidated asbestos litigation in Judge Henry M. Newkirk's court. The service is being provided by Dallas-based JusticeLink, the exclusive court e-file solutions partner of Lexis-Nexis Group.

Prompted by the overwhelming influx of paper being generated by asbestos cases, several Fulton County State Court personnel including Chief Judge Albert L. Thompson, Judge Newkirk, State Court administrator J. Michael Rary and Clerk Robert E. Cochran II, began studying electronic filing as an alternative. Judge Newkirk issued a stay on asbestos litigation in June and, by October 4, 1999 e-filing was up and running. In fact, once the decision to initiate the project was made, installation of the JusticeLink system took only six weeks.

Said Newkirk, "Ninety-five percent of the views on the subject were very positive, so we decided to go forward." The parties involved were instructed by court order to begin filing all documents electronically, with the exception of complaints, which are still filed and served on paper. Although some attorneys initially resisted the idea, Newkirk said, "One of our fiercest [e-filing] opponents is now one of our most fervent cheerleaders."

As of December 15, about 2,150 documents had been e-filed with the Fulton State Court and, said Rary with a smile, "It's working." Approximately 350 cases are currently tagged for e-filing, but Newkirk expects another 300 to 400 to go online in the near future. And that's not all, because Rary hopes to open up the e-filing capabilities to non-asbestos cases as soon as this spring. When he does, though, his will not have been the first court in Georgia to do so.

Justice and E-Filing for All in Chatham County

On January 3, the State Court of Chatham County began accepting electronic filing of court documents for *all* cases, civil and criminal. Lawyers (or individuals representing themselves) can now choose to submit anything from lawsuits to continuance motions to entries

of appearance via the Internet. The Chatham court selected *E-Filing.com*, a California company, as its service provider, and its comprehensive system is the first of its kind in the state.

"It (e-filing) will save attorneys an immense amount of trouble," said Chatham County State Court Clerk and Court Administrator Carlton W. Blair Jr. "I think it is an efficiency move for law firms."

What is E-filing?

Electronic filing improves court and law firm efficiency by replacing the traditional method of filing and serving documents. Instead of photocopying, packaging and physically delivering paper copies of documents to one another, case parties deliver electronic copies through a secure Web site.

Henry Givray, president and CEO of JusticeLink, said in a press release, "We are excited about this opportunity to provide Atlanta's legal community a service that will help simplify and accelerate the litigation process." Givray explained that it is common for a court to introduce electronic filing with complex litigation like asbestos cases, which generate such a vast amount of paperwork.

Electronic filing is a recent development; service providers have been experimenting with e-filing projects for only a few years, but the issue has attracted more and more attention, and with good reason. According to an article appearing in the March 1999 issue of *Wired Magazine* (see "Order in the Court" at *www.wired.com*), about 370 million documents are filed in U.S. state and federal courts each year. The same article cited a 1997 study conducted by the Shawnee County, Kansas, court, and published by the National Center for State Courts, which found that e-filing would save $218.86 (or 9.63 work hours) for every 100 documents filed.

Last March, the American Bar Association offered four separate presentations on electronic filing at their Annual Technology Show (see "Electronic Filing of Court Documents," by Hon. Arthur M. Monty Ahalt at *www.mdlaw.net/ahalt/*), and the National Center for State Courts presented electronic filing regional conferences last spring in Atlanta, Orlando, Dallas, Hartford, San Francisco and Seattle.

Here at the State Bar of Georgia, President Rudolph Patterson has created the Electronic Filings Committee, which held its first meeting last September with the purpose of establishing a plan to coordinate and expedite electronic filing statewide. "The Bar," said Patterson, "along with other groups in the state, recognizes that this [electronic court filing] is going to happen . . . in fact, it is already happening, but sporadically, county by county." Patterson hopes the committee will help unify the e-filing efforts sprouting up throughout Georgia. He sees e-filing as an efficient, cost-effective process whose time has come.

How Does it Work?

The spectrum of e-filing capabilities can vary depending on the service provider used but, in general, e-filing offers attorneys, judges and clerks an alternative to the existing paper-based method of processing court documents.

In Fulton County

All JusticeLink filings are officially recorded, time-stamped and maintained electronically, and documents can be sent via the Internet anytime, anywhere — drastically reducing copying, postage and labor costs.

The system implemented in Fulton County not only allows the filing and serving of documents, it also offers added features: users can send a courtesy notification to announce that a document has been filed and/or served without providing an official service copy; filings can be saved pending authorization or can be authorized to file at a future, user-defined time and date; and users can receive instant notification of time-sensitive activities relating to a case. The service also includes sophisticated search capabilities.

To become a JusticeLink subscriber, your jurisdiction must be enrolled and your case must be earmarked for electronic filing within that jurisdiction. An attorney or party assigned to the case may then subscribe via the JusticeLink Web site, located at *www.justicelink.com*. There is no subscription fee and no retainer is required, but certain computer configuration needs must be met in order to use the system, among them access to the Internet with a supported browser, a hard drive with at least 500 Mb of available space, and Adobe Acrobat Reader 3.0 version or later.

Filing and serving documents to other JusticeLink subscribers costs JusticeLink customers 10 cents per page. "Cost-wise, it is very competitive," said Newkirk. Documents can be served to non-JusticeLink customers

for a nominal, incremental fee. There is no charge to view, print or download documents officially served to or filed by the customer, and there is never a charge to view other documents within JusticeLink. No fees are charged to court users. JusticeLink bills customers on a monthly basis (via regular mail); filing rates and billing procedures remain unchanged at the Fulton State Court. The court has also taken into account the people's right to know by establishing a public-access computer terminal in the clerk's office that allows the research, viewing and printing of electronic court documents.

In Chatham County

According to Samantha James, account executive at *E-Filing.com*, her company is "a lot further along in the [e-filing] process" than other service providers. Her firm will "customize it [the e-filing system] to meet the court's needs," said James, which means for some, *E-Filing.com* offers a direct link into a court's case management system, while for others, downloading and printing capabilities suffice.

E-filing in Chatham County resembles that in Fulton in many ways — 24-hour, seven-day access via the Internet (at Web site *www.e-filing.com*), electronic confirmation of filings, secure document transmission, search capabilities — however, there are some distinct differences.

At JusticeLink, all documents are stored and maintained by the company on its Web site; in Chatham County, all documents are stored at the courthouse in the court's own server. Also, the filing process in Chatham County includes online payment of filing fees. During registration, which is as simple as completing a standard form, filers are asked to submit a credit card number, as well as their bar number and other pertinent data about the document being filed. *E-Filing.com* processes the fees instantly, notifying the user in the event of a credit card problem. If no billing problem exists, the user then proceeds with his or her filing, and the court collects its fees on the same day the filing is made. Several times each day, court personnel download the filed documents from the server. Each document clearly indicates when it was originally filed, however, and the court accepts *that* data, not the date/time of the court's download, as the official filing time.

Since documents electronically filed to Chatham County do require some extra handling (they must be downloaded from the server), e-filing costs $5 more than paper-based filing. In addition, *E-filing.com* charges $15 for each initial filing and $2 per subsequent filing. That price structure, though, can vary from court to court, said James, particularly if complex asbestos or tobacco litigation is involved.

Who's Online?

E-filing has been a reality in the U.S. Bankruptcy Court of the Northern District of Georgia for about two years, according to Gary Drake, chief deputy of operations. Drake explained that their system is part of a pilot project originated by the Administrative Office of U.S. Courts. Currently, said Drake, the e-filing option is only available to a specified group of attorneys in Atlanta and Newnan. The project is slated to open up to other federal bankruptcy and district courts in July, however and, once that happens, it will no longer be considered a pilot program.

Also, the Georgia Courts Automation Commission and Georgia State University College of Law are currently working together to develop a "pilot court," for which they will be soliciting volunteer courts. The Commission was created by legislature in 1991 to promote computer automation in the courts. For Executive Director Donald C. Forbes, e-filing is a positive development that "has proven itself to be efficient and economical." He noted that, although the systems implemented in Fulton and Chatham counties differ in format (the former is considered a fully electronic process, while the latter is image-based), he is pleased they are both up and running, "We're glad to see it [the Chatham County project] . . . it is yet another example of how electronic filing can and does work."

On a related note, the Courts Automation Commission's George R. Nolan Jr. managed a separate project that led to the Internet availability, as of last December, of full-text, final, citable opinions of the Supreme Court and Court of Appeals of Georgia. Those opinions can be found at *www.ganet.org/appellatecourt*. Other sources of online Georgia court information include: Cobb County Magistrate Court *(www.mindspring.com/~magcourt/index.html)*, court forms; Cobb County State Court *(www.mindspring.com/~cobbstatecourt/)*, court calendars; Cobb County Superior Court *(www.cobbgasupctclk.com)*, court calendars and court records; DeKalb County Superior Court *(www.ezgov.com)*, real estate records, online payment of property taxes; Dougherty County Clerk of Courts *(www.dougherty.ga.us/dococlk.htm)*, civil, criminal and real estate court records; Floyd County Superior Court *(www.sismich.com/ga/index.html)*, court calendars; Gwinnett County Juvenile Court *(www.courts.co.gwinnett.ga.us/other/juvcourt.htm)*, court calendars and court forms; Gwinnett County Magistrate Court *(www.courts.co.gwinnett.ga.us/magcourt/magindex.htm)*, court calendars and court forms; Gwinnett County State Court *(www.courts.co.gwinnett.ga.us/*

Continued on page 60

A Guide to Electronic Filing in Fulton

"ELECTRONIC FILING IS AS EASY AS SENDING an e-mail with an attachment," said Fulton State Court Administrator J. Michael Rary. Once seated at your Windows-equipped computer (preferably Windows 95 or 98), simply establish a connection with your Internet browser, then go to the JusticeLink Web site. Enter your user name and password in the Log On box and click Submit. You are now ready to file, serve, view or print documents.

You can browse and select documents, filing parties, individuals to be served, even individuals to be *notified* of the filing, all with a few clicks of your mouse. As part of the filing process, your document is converted to PDF (portable) format. The result is an electronic document that looks like the real thing, minus the signatures which appear as typed text. Attorneys are instructed to keep all originals of signed documents, however, and if the authenticity of a document's signature is ever questioned, court personnel need only refer back to the hard copy. Also, all files are read-only, so no document can be modified once it has been filed, and the name of the originator is automatically inserted at the beginning of each document, so you always know the identity of the person doing the filing or serving.

Fulton State Court Judge Henry M. Newkirk demonstrates how lawyers can e-file using JusticeLink in asbestos cases.

Of course, any new computer system, no matter how user-friendly, requires some type of training. In the case of Fulton County, that need was met by the service provider. "JusticeLink," said Judge Henry M. Newkirk, "is very customer-service oriented." The company sent representatives to Atlanta for the sole purpose of training all of the system users in Fulton County. And how long was the training? "However long it took for the user to get comfortable with the system," replied Newkirk.

According to Kenneth S. Canfield of the firm of Doffermyre, Shields, Canfield, Knowles & Devine in Atlanta, "The best thing about electronic filing, from the attorney's perspective, is that you are not bound by a 5 p.m. deadline," since the system is available even after the clerk's office has closed for the day. Canfield had been aware of e-filing prior to the Fulton decision, but this is the first time he's had an opportunity to participate in it, and he welcomes the process, "Working on asbestos cases, you can get buried in paper." E-filing, he said, has helped eliminate "the three- to six-inch pile of paper" that used to appear on his desk every day.

Although he has not performed an official e-filing cost analysis, Canfield said, "I suspect it does save money overall." He looks forward to the day when e-filing is made available across the board, although he does find the JusticeLink Web site "cumbersome . . . I think it's not as user-friendly as it could be." On the whole, however, he counts himself among e-filing's advocates and has this to say to attorneys not yet exposed to it, "Try it, you'll like it."

John D. Jones of the law firm of Greene, Buckley, Jones & McQueen in Atlanta is another attorney assigned to use e-filing in the Fulton Court. And how does he feel about the project? "I think it holds forth great promise, and Lord knows how many trees we are going to save," said Jones, who expects e-filing will lead to "a substantial amount of economy." He also communicated the overall relief of his administrative staff from the burden of tedious and time-consuming paper processing tasks, "It's a salvation for them, too."

John E. Guerry III, lead plaintiff attorney in one of Judge Newkirk's asbestos cases, was familiar with e-filing long before receiving the Fulton County State Court order. He is with the firm of Ness, Motley, Loadholt, Richardson & Poole, which has been at the forefront of asbestos litigation, among other important product liability actions, since the 1970s. Although headquartered in Charleston, South Carolina, the firm tries asbestos cases throughout the U.S., and Guerry first

CONTINUED ON PAGE 60

Filing in Courthouses Goes Online Continued from page 58

stacourt/staindex.htm), court calendars; Gwinnett County Superior Court (*www.courts.co.gwinnett.ga.us/supcourt/supindex.htm)*, court calendars and court forms; Thomas County Superior Court *(home.rose.net/~thosct/)*, court calendars; Liberty County Office of the Clerk (*www.libertyco.com/)*, court calendars and court forms as well as a link to the Georgia Superior Court Clerks' Cooperative Authority Web site (*www.gsccca.org/default.htm)*, which contains a statewide index of Georgia Consolidated Real Estate and Uniform Commercial Code (UCC) filings (at a cost of $9.95 per month (unlimited use) plus $0.25 per downloaded page, and $10 per debtor name for UCC certified searches).

Jay C. Stephenson, clerk of the Superior Court of Cobb County, has been following the development of digital technology for ten years or so. It wasn't until about three or four years ago, however, that he felt systems had evolved to the point where they were sophisticated enough and affordable enough to meet his needs. Then he went to work. "I was literally running out of space to make deed books," said Stephenson, explaining why he opted to switch from a "paper-based" to an "image-based" record-keeping system. "Once you reach a certain volume, even a good paper-based system is inefficient to the point where you have trouble keeping up." The Cobb County Superior Court does not offer electronic *filing* of documents. What it *does* offer is an advanced, searchable online database of the court's public records, located at Web site *www.cobbgasupctclk.com*. "I am really excited about it because I am an attorney, and I think this type of access is going to make the practice of law a lot more efficient," said Stephenson. As of this month, the site offers a searchable electronic index of all real estate records from 1977 to the present, as well as images of all real estate documents filed in 1998 and 1999. But that's not all. Visitors to the site can also view a searchable electronic index of civil and criminal data dating back to 1982, and images of all court documents filed as of January 1, 2000. "The system is very sophisticated in its search capabilities," said Stephenson, who plans on expanding the Web site's offerings to include all of the court's real estate documents (which date back to the Civil War) in the next one-and-a-half years. In time, he said, "Every public record we have is going to be on the Internet."

The new and improved Web site, which is an updated version of the original site established by the court four years ago, became operable on December 1, 1999, and by the end of December, it had already received 100,000 hits. Said Stephenson, "It works even better than I thought it would." He explained that it will eventually be possible to run a title solely from Internet information, and that members of the press, for example, will be able to search for and view indictments or accusations filed during a specific time period. The court will also be posting all its financial data on the site. And all of this will be available at no charge. "The purpose of our court's original Web site, which was limited in its capabilities, was to begin educating folks and generating a demand for useful online information," Stephenson explained. It quickly became evident that a need existed. Stephenson cited one example of a Georgia housepainter who made use of the Web site as a source of new customers by looking up the names and addresses of people who had recently bought a home.

Fulton E-Filing Continued from Page 59

encountered e-filing while litigating in Texas, so when the Fulton project commenced, "I was one of their early proponents – an avid supporter," said Guerry. The fledgling Texas initiative was also a JusticeLink project, but Guerry notes that the Fulton County system is greatly improved and much easier to use than that early version, and he looks forward to even further advancements, "It is the wave of the future."

Guerry lists copy cost savings and efficiency among e-filing's benefits, "It is a great time management tool." But he cautions procrastinators who may become even more so, due to the system's 24-hour availability, "It could become a danger to those who don't manage their time well." Also, he advises attorneys using e-filing to read their computer screens thoroughly, rather than just browsing and printing documents, or they could overlook important information, "Read the menus carefully, and stay on your toes."

Obviously, e-filing requires access to certain computer equipment and, as Guerry points out, not all firms or attorneys can afford the technology. "I am fortunate to be at a firm that offers the resources necessary to make e-filing possible . . . but I would hate to see a sole practitioner shut out due to lack of funds." Other e-filing hurdles include the general apprehension individuals feel toward new technology. Said Guerry, "It's new, and a lot of people aren't used to it yet." He hopes future versions of the system will be even more user friendly, which will help increase its use. Guerry also added, "We need to address the issue legislatively, then electronic filing can be implemented in total."

— Nikki Hettinger

Of course, the court's motive for refurbishing its Web site was not a solely altruistic one — it needed to drastically improve its efficiency — and so it has. According to Stephenson, the court's "gap time" (the time it takes for a filed document to be made available to the public) has been reduced from three to four weeks (using a paper-based system) to an astounding one-and-a-half to four hours. Stephenson does point out, however, the philanthropic possibilities of this project, "By making these records accessible remotely, we are reducing people's need to drive to the courthouse, which will impact traffic, parking and air quality." He also envisions the potential to positively influence the overall image of lawyers, "We are all well aware of the public perception of attorneys," he said. "I think that is largely due to the fact that the practice of law has become so inefficient, lawyers are forced to charge high fees in order to make a living." Stephenson reasons that "if we can make the practice of law more efficient, then attorneys will become more efficient . . . and they will be able to practice more law with less effort."

Recognizing that these benefits would multiply exponentially if other courts were to adopt similar systems, Stephenson has been collaborating with other superior court clerks in the state. In fact, he and the clerks from Bibb, DeKalb, Fulton and Muscogee counties formed the Metropolitan Court Clerks Association of Georgia last year. "As a clerk's jurisdiction reaches a certain size," said Stephenson, "you run into common problems," so the clerks formed this committee to address issues specific to their courts.

"Our plan," said DeKalb County Superior Court Clerk Jeanette Rozier, "is to try to make the process as simple as possible for every tax payer." To that end, her court has implemented a system that allows Internet users to search for and view real estate records as well as actually *pay* property taxes online. Although to the user, DeKalb's site (located at *www.ezgov.com*) looks quite different from the Cobb Superior Court site, the two operate on exactly the same principle. The DeKalb Court is currently still in the process of inputting existing documents into the system, but the online database should be complete in a matter of weeks. Rozier is pleased with the public's response to the site, which went online last year and received one-half million hits during its first 30 days of operation.

She is also interested in e-filing, "That is the only way to go, that's the future." In fact, her plans for the coming months include an e-filing pilot project of one-page real estate documents. Other developments Rozier is currently exploring include the posting of civil and criminal files on the DeKalb Web site as well as the possibly of installing a computer in the courtroom that would provide a judge access to online records during trial. Rozier welcomes inquiries, particularly from new attorneys who may have questions regarding recent court developments. She may be reached via the Internet at *www.dekalb.ga.ezgov.com/ezdeeds/ezdeed_contact.html*.

The Bibb County Superior Court is "very interested" in electronic filing, too, according to Clerk Dianne Brannen, although the project there is still in the planning stage. As a member of the Metropolitan Court Clerks Association, Brannen shares the group's desire for a uniform e-filing system, "One of our main goals is to assure that the program is the same for all." She is also aware of the privacy concerns involving e-filing — namely, the fact that the Internet provides an ease and a scope of access many people find unsettling — and believes those need to be addressed.

Linda Pierce is the Muscogee County Superior Court clerk and president of the Metropolitan Court Clerks Association. She has been working alongside Stephenson over the last few years as the Cobb Superior Court Web site was developed and implemented, and the Muscogee Court will soon be unveiling a site of its own based on that same format. The Metropolitan Association, said Pierce, is making a conscious effort to "standardize the data elements" of sites containing public records, so that the same type of information is presented for every county. She sees electronic filing as "inevitable" and has participated in preliminary discussions on the subject, but her court has no immediate plans for its use.

The Fulton County Superior Court is another proponent of e-filing and Internet access of court documents. "It's a wonderful way to go," said Information Systems Manager Cyndy Laurie. She anticipates that the Fulton Superior Court should begin implementing certain online capabilities, including e-filing, in about one year.

Georgia attorneys wishing to learn more about electronic filing are encouraged to call the Georgia Courts Automation Commission at (800) 298-8203 or (404) 651-6328 in Atlanta.

If your court system currently offers online capabilities and is not mentioned in this piece, or if you foresee future advances to your court's existing system that you would like to publicize, please contact the Communications Department of the State Bar of Georgia for possible inclusion in future articles.

Nikki Hettinger is the communications coordinator for the State Bar.

A REPORT FROM THE COMPUTER LAW SECTION

Can I E-mail My Clients?

By Jeffrey R. Kuester

Generally, there are two primary issues raised by the question of whether attorneys should communicate with clients through Internet e-mail — the attorney-client privilege, and the ethical duty to maintain client confidences. While the State Bar can say or do little about the former privilege being more of an evidentiary issue for courts the latter is clearly an issue for the State Bar. Recognizing this, the Computer Law Section of the State Bar of Georgia organized a NetEthics Committee, chaired by Jim Meadows of Alston & Bird, to examine the ethical implications of attorney-client e-mail.

As a result of that effort, on May 18, 1999, the Computer Law Section requested that the State Bar issue a Formal Advisory Opinion clearly defining this issue.

Included within the request to the State Bar was a fully documented proposed Formal Advisory Opinion, the text of which follows:

> The purpose of this letter is to request that the Office of the General Counsel transmit to the Formal Advisory Opinion Board for discretionary consideration of the drafting of a Proposed Formal Advisory Opinion with respect to the following question:

Question Presented

> In view of a lawyer's duty under the ethics rules to maintain the confidentiality of client information, whether unencrypted electronic mail may be used to communicate with clients regarding client matters.

The Computer Law Section has investigated the conclusions reached in other jurisdictions which have considered this question, including the American Bar Association Standing Committee on Ethics and Professional Responsibility (in its Formal Opinion No. 99-413). The Section has also considered various articles and other publications addressing the issues presented thereby. Based upon these authorities, the Section would submit for the Board's consideration the following proposed opinion, which was derived from an Advisory Opinion on Professional Conduct (96-10) (May 16, 1997) issued by the Illinois State Bar Association:

Summary Answer

> A lawyer does not violate Standard 28 of the Standards of Conduct (as provided in Part IV, Chapter 1 of the State Bar Rules)[1] by communicating with a

client using electronic mail services, including the Internet, without encryption, nor is it necessary to seek specific client consent to the use of unencrypted electronic mail. Although there may be unusual circumstances involving an extraordinarily sensitive matter that might require enhanced security measures like encryption, these situations would be of such a nature that ordinary telephones and other normal means of communication would also be deemed inadequate.

Editors Note: The Bar's Computer Law Section has asked the Formal Advisory Opinion Board to issue an opinion on whether attorneys should communicate with their clients via Internet e-mail. Following is the proposed language, and a report on the status of the opinion.

Background:

Because of the technical nature of the discussion, the Board will use the following commonly accepted definitions in this opinion. The Internet is a supernetwork of computers that links together individual computers and computer networks located at academic, commercial, government and military sites worldwide, generally by ordinary local telephone lines and long-distance transmission facilities. Communications between computers or individual networks on the Internet are achieved through the use of standard, nonproprietary protocols.

Electronic mail, commonly known as e-mail, is an electronic message that is sent from one computer to another, usually through a host computer on a network. E-mail messages can be sent through a private or local area network (within a single firm or organization), through an electronic mail service (such as America Online, CompuServ, MCI Mail, or others), over the Internet, or through any combination of these methods.

The Electronic Communications Privacy Act, 18 USC §2510, et seq. (the "ECPA"), is the federal codification of the intrusion arm of the common law tort of invasion of privacy applied to electronic communication and provides criminal and civil penalties for its violation. The ECPA is actually the 1986 revision of the federal wiretap statute originally enacted in 1968, but the term ECPA is now commonly used to refer to the entire statute, as amended.

Opinion:

The issue at hand, whether a lawyer may use electronic mail services, including the Internet, to communicate with clients, arises out of a lawyer's duty to protect confidential client information. Standard 28 of the Standards of Conduct (as provided in Part IV, Chapter 1 of the State Bar Rules), which corresponds to Canon 4, Directory Rule 4-101(B) of the Georgia Code of Professional Responsibility, provides that "[a] lawyer may not reveal the confidence and secrets of a client."[2] As Standard 28(c) states, the information a lawyer must protect includes information covered by the attorney-client privilege (a "confidence"), as well as information that the client has requested be held inviolate or the disclosure of which would be embarrassing or would likely be detrimental to the client (a "secret").[3]

The duty to maintain the confidentiality of client information implies the duty to use methods of communication with clients that provide reasonable assurance that messages will be and remain confidential. The increased use of electronic mail, particularly electronic mail transmitted over the Internet, has led to inquiries by lawyers throughout the country as to whether electronic messages are sufficiently secure to be used by lawyers communicating with clients. At least 11 state ethics opinions, and the American Bar Association Standing Committee on Ethics and Professional Responsibility, have approved attorney communication with clients through electronic mail services, including the Internet, without requiring that the attorney first seek specific client consent thereto, including two states that had earlier reached a contrary conclusion. ABA Standing Committee on Ethics and Professional Responsibility Formal Opinion 99-413 (March 10, 1999); South Carolina Bar Ethics Advisory Opinion (97-08) (June 1997) (overruling 94-27 (January 1995)); Board of Professional Responsibility of the Supreme Court of Tennessee Advisory Ethics Opinion (98-A-650(a)) (November 19, 1998); Alaska Bar Association Opinion (98-2) (January 8, 1998); State Bar of Arizona Formal Opinion (97-04) (April 7, 1997); California Evidence Code §952 (1994); District of Columbia Bar Legal Ethics Committee Opinion (No. 281); Kentucky Bar Association Opinion (E-403); Illinois State Bar Association Advisory Opinion on Professional Conduct (96-10) (May 16, 1997); New York State Bar Association Committee on Professional Ethics Opinion (No. 708); State Bar Association of North Dakota Ethics Opinion (97-09) (September 4, 1997); Vermont Bar Association Advisory Ethics Opinion (97-5). At least three state ethics opinions have concluded that because it is possible

for Internet or other electronic mail service providers to intercept electronic mail messages, lawyers should not use electronic mail for "sensitive" client communications unless the messages were encrypted or the client expressly consented to "non-secure" communication. Iowa Supreme Court Board of Professional Ethics and Conduct Opinion 97-1 (September 18, 1997); North Carolina State Bar Ethics Opinion RPC 215 (April 13, 1995); Pennsylvania Opinion (97-130) (September 26, 1997). After reviewing much of the available literature on this issue, the Board disagrees with the latter three opinions and endorses the approach of the former opinions.

Among the numerous recent articles regarding a lawyer's use of electronic mail, the Board finds two to be particularly useful and informative. These are: Peter R. Jarvis & Bradley F. Tellam, High-Tech Ethics and Malpractice Issues 7 (1996), (paper delivered at the 22nd National Conference on Professional Responsibility, May 30, 1996, in Chicago, Illinois) (on file with its author), reported in 1996 Symposium Issue of the Professional Lawyer, p. 51 (1996); David Hricik, E-mail and Client Confidentiality: Lawyers Worry Too Much about Transmitting Client Confidences by Internet E-mail, 11 Geo. J. Legal Ethics 459 (1999). From these and other authorities, there is a clear consensus on two critical points. First, although interception of electronic messages is possible, it is certainly no less difficult than intercepting an ordinary telephone call or a letter dispatched via the U.S. Mail. Second, intercepting an electronic mail message is illegal under the ECPA.

Courts and ethics committees have uniformly held that persons communicating confidentially over ordinary telephones or by First Class letter (*i.e.*, as opposed to via postcard) in U.S. Mail have a reasonable expectation of privacy, notwithstanding that although illegal (in the absence of a court order), it is "technically" feasible to wiretap and/or eavesdrop on a private conversation and/or to intercept and open a letter containing a private communication. The three common types of electronic mail messages appear no less secure.

The first category of e-mail described above, for example, includes electronic messages that are carried on a local area or private network, which may only be accessed from within the organization owning the network. While it is possible that unauthorized persons might obtain illegal access to such a network, the possibility of this illegal access is directly analogous to the possibility that an unauthorized person might intercept a First Class letter by illegally removing the letter from a U.S. Postal Mailbox, or the possibility of an intruder obtaining access to client information stored in an attorney's desk by illegally entering the attorney's office after business hours. The possibility of such illegal activities does not compromise the reasonable expectation of privacy of individuals using these traditional methods of communication or information storage. Therefore, use of private network e-mail messages for confidential communications would clearly appear subject to a reasonable expectation of privacy.

The second category of e-mail described above includes electronic messages carried by commercial electronic mail services or networks such as America Online, CompuServ, MCI Mail or others. Typically, these services transmit e-mail messages from one subscriber's computer to another computer "mailbox" over a proprietary telephone network. Typically, the computer mailboxes involved are password-protected. Because it is possible for dishonest or careless personnel of the mail service provider to intercept or misdirect a message, this form of electronic mail is arguably less secure than messages sent over a private network. As a practical matter, however, a letter dispatched via the U.S. Mail may also be intercepted or misdirected by dishonest or careless U.S. Postal Service employees. Again, this possibility has not compromised the reasonable expectation of privacy of individuals who correspond via the U.S. Mail. The result should be the same for electronic mail service subscribers.

The third type of electronic mail described above, that carried on the Internet, typically travels in another fashion. Rather than moving directly from the sender's host computer to the recipient's host computer, Internet messages are usually broken into separate "packets" of data that are transmitted individually and then re-assembled into a complete message at the recipient's host computer. Along the way, the packets travel through, and may be stored temporarily in, one or more computers (called "routers") operated by third parties (usually called "internet service providers" or "ISPs") that help distribute electronic mail over the Internet.

Consequently, the real distinction between an Internet electronic message and an ordinary telephone call is that Internet messages may be temporarily stored in, and so can be assessed through, a router maintained by an ISP. It is possible that an employee of an ISP (as part of the maintenance of the router) could lawfully monitor the router in the ordinary course of its operations, and thereby read part or all of a confidential message. It is also possible for dishonest employees of an ISP or an unauthorized intruder to intercept messages unlawfully. However, these possibilities do not meaningfully distinguish Internet e-mail communications from the more traditional communications discussed above. It is also possible that dishonest employees of telecommunications providers, dishonest postal workers, or unauthorized intruders might illegally intercept confidential communications sent through traditional telephone calls or mails, as discussed above. Similarly, it is possible that the employees of telecommunications providers or the postal service might lawfully access a confidential message communicated over the telephone or through the mails. The ECPA authorizes telecommunications providers to monitor traditional telephone communications as necessary in the ordinary course of business, for example, for mechanical or service quality control checks. *See* 18 U.S.C. § 2511(e)(2)(a)(i). Postal workers may lawfully open parcels or letters, for example, to handle undeliverable mail that cannot be returned to sender. *See, e.g.*, Domestic Mail Manual § F010.8.1. The Board does not believe that the possibility of similar access to an electronic message sent over the Internet makes it unreasonable to expect privacy of the message.

Moreover, in at least one sense, the transmission of an electronic message over the Internet is more difficult to intercept than either a traditional telephone call or a letter sent through traditional mail. As discussed above, the transmission protocols for Internet e-mail communications are usually broken into separate "packets" of data that are transmitted individually and then re-assembled into a complete message at the recipient's host computer. This method of transmission means that in many instances the information stored on any given router during the transmission of a message contains only a portion of the e-mail message.

Most Internet e-mail communications are also more secure, for example, than cordless or analog cellular telephone messages, because Internet e-mail is typically not broadcast over the open air waves, but through ordinary telephone lines and intermediate computers. When an Internet message is transmitted over an ordinary telephone line, it is subject to the same protections and difficulties of interception as an ordinary telephone call. To intercept an Internet communication while it is in transit over telephone lines requires an illegal wiretap.

As noted above, it is also clear that unauthorized interception of an Internet message is a violation of the ECPA, which was amended in 1986 to extend the criminal wiretapping laws to cover Internet transmissions. As part of the 1986 amendments, Congress also treated the issue of privilege in 18 USCA §2517(4), as follows:

> No otherwise privileged wire, oral, or electronic communication intercepted in accordance with, or in violation of, the provisions of this chapter shall lose its privileged character.

Similarly, unauthorized access to information stored upon a computer through which electronic communication services are provided is also prohibited by federal law. *See* 18 U.S.C. § 2701. These provisions demonstrate that Congress specifically intended that Internet messages should be considered privileged communications just as ordinary telephone calls or traditional mail messages. In fact, this legal background has given rise to several opinions in which, for purposes of search and seizure law under the Fourth Amendment, persons transmitting electronic messages are held to have a reasonable expectation of privacy. *See United States v. Keystone Sanitation Company*, 903 F. Supp. 803 (M.D.Pa. 1995); *United States v. Maxwell*, 43 Fed. R. Serv. 24 (U.S.A.F. Ct. Crim. App. 1995).

In summary, the Committee concludes that because (1) the expectation of privacy for electronic mail is no less reasonable than the expectation of privacy for ordinary telephone calls or U.S. Mail, and (2) the unauthorized interception of an electronic message subject to the ECPA is illegal, a lawyer does not violate Standard 28 of the Standards of Conduct[4] by communicating with a

client using electronic mail services, including the Internet, without encryption. Nor is it necessary, as some commentators have suggested, to seek specific client consent to the use of unencrypted e-mail. The Board recognizes that there may be unusual circumstances involving an extraordinarily sensitive matter that might require enhanced security measures like encryption. These situations would, however, be of such a nature that ordinary telephones and other normal means of communication would also be deemed inadequate.

In response to that request for a Formal Advisory Opinion, a letter dated June 24, 1999, was issued from the State Bar to the Computer Law Section including the following:

> Pursuant to the provisions of Rule 4-403 of the Rules and Regulations of the State Bar of Georgia, the Formal Advisory Opinion Board of the State Bar of Georgia has considered your request for a Formal Advisory Opinion regarding whether unencrypted electronic mail may be used to communicate with clients regarding client matters, in view of a lawyer's duty under the ethics rules to maintain the confidentiality of client information. Because there are criminal statutes which give a reasonable expectation of privacy in electronic communication — whether by e-mail or telephone — the Board declined to accept your request for a formal advisory opinion.

Since only Formal Advisory Opinions approved by the Supreme Court of Georgia are binding on future interpretations of the ethical rules in Georgia, on July 16, 1999, the Computer Law Section requested a reconsideration of the denial by the Board to issue a formal advisory opinion. That request for reconsideration included the following:

> Thank you for your letter of June 24, 1999, in which you indicated that the Formal Advisory Opinion Board of the State Bar of Georgia had declined to accept the Computer Law Section's request for a formal advisory opinion regarding the ethical implications of communicating with clients through unencrypted electronic mail. In response to that letter, and in accordance with our subsequent telephone conversation, this letter is a request that the Board reconsider accepting our request.
>
> As referenced by your letter, Rule 4-403 of the Rules and Regulations of the State Bar of Georgia establishes the factors to be considered by the Board in determining whether a Proposed Formal Advisory Opinion should be drafted, and those factors are: "whether the issue is of general interest to the members of the Bar, whether a genuine ethical issue is presented, the existence of opinions on the subject from other jurisdictions, and the nature of the prospective conduct." The refusal to draft an Opinion on this issue is at odds with each of these factors.
>
> First, the issue is of great general interest to the members of the Bar. I personally have been asked repeatedly to speak at seminars across the country on this very topic because of the widespread interest by members of the Bar, and in fact Bill Smith will be speaking on this and other ethical issues at the Computer Law Institute on September 23, 1999. With the continued increase in the use of electronic mail by clients and attorneys, there should not be any real doubt that this issue is of general interest to the members of the Bar.
>
> Second, a genuine ethical issue has been presented, and there are many opinions on the subject from other jurisdictions. According to one source, over a dozen other states, as well as the American Bar Association, have issued opinions on the subject. This fact alone supports the existence of a genuine ethical issue.
>
> In addition, your letter indicated that the Board declined to accept our proposal "because there are criminal statutes which give a reasonable expectation of privacy in electronic communication – whether by e-mail or telephone –." While the Computer Law Section obviously agrees with the ultimate conclusion that there is no ethical violation in the conduct described in our Request, and that the existence of criminal statutes is a major factor in support of that conclusion, other considerations render this to be at least a genuine ethical issue.
>
> For example, an attorney who represents other attorneys on ethical issues was quoted several years ago on this very issue in a Bureau of National Affairs publication as follows:
>
> > … he believes the criminal nature of tampering with e-mail is an important factor but only "one piece of the answer." If, for example, a lawyer knows someone is illegally listening to a conversation, there is no reasonable expectation of confidentiality even though the eavesdropping is criminal.
>
> As a result, while the criminal nature of interception is a very important factor supporting our mutual conclusion that the proposed conduct does not create an ethi-

cal violation, the existence of criminal statutes does not detract from the genuineness of the ethical issue. With regard to the fourth factor, the nature of the prospective conduct is clearly not simply related to previous conduct or the subject of current litigation, but is related to prospective conduct only.

Thus, to summarize, it would be of immense value to the lawyers of Georgia for the Board to file the requested Opinion since it is clearly a genuine ethical issue of general interest to the members of the Bar about which numerous other states and the ABA have exerted extensive efforts to issue opinions. Our State Bar should feel the same obligation to its members.

Finally, while it may not be a normal practice for the Board to hear input from others during meetings, as Chair of the Computer Law Section, I would be happy to be available to answer questions or provide additional input at the next Board meeting in view of the great importance of your decision on this matter.

In any event, the Computer Law Section thanks the Board for reconsidering this issue, and we look forward to hearing from the Board.

Subsequently, the Computer Law Section received a letter from the State Bar, dated August 18, 1999, saying:

At its August 12, 1999 meeting, the Formal Advisory Opinion Board of the State Bar of Georgia considered your request for reconsideration for a formal advisory opinion regarding whether unencrypted electronic mail may be used to communicate with clients regarding client matters, in view of a lawyer's duty under the ethics rules to maintain the confidentiality of client information. The Board determined that your request does not present issues that merit the drafting of a formal advisory opinion. The issues raised by your request are adequately addressed by existing disciplinary standards.Accordingly, the Board denied your request for reconsideration.

Then, the Computer Law Section received an unsolicited letter from the State Bar dated September 1, 1999, saying:

As a follow-up to my letter of August 18, 1999, the Formal Advisory Opinion Board determined on August 12 that, in view of the criminal consequences for intercepting electronic mail correspondence of others, a lawyer would clearly be justified in concluding that correspondence with a client by electronic mail would be confidential and that the use of such electronic mail in communicating with a client would not have disciplinary consequences. Consequently, the Board concluded that your request did not present issues that merit the drafting of a formal advisory opinion.

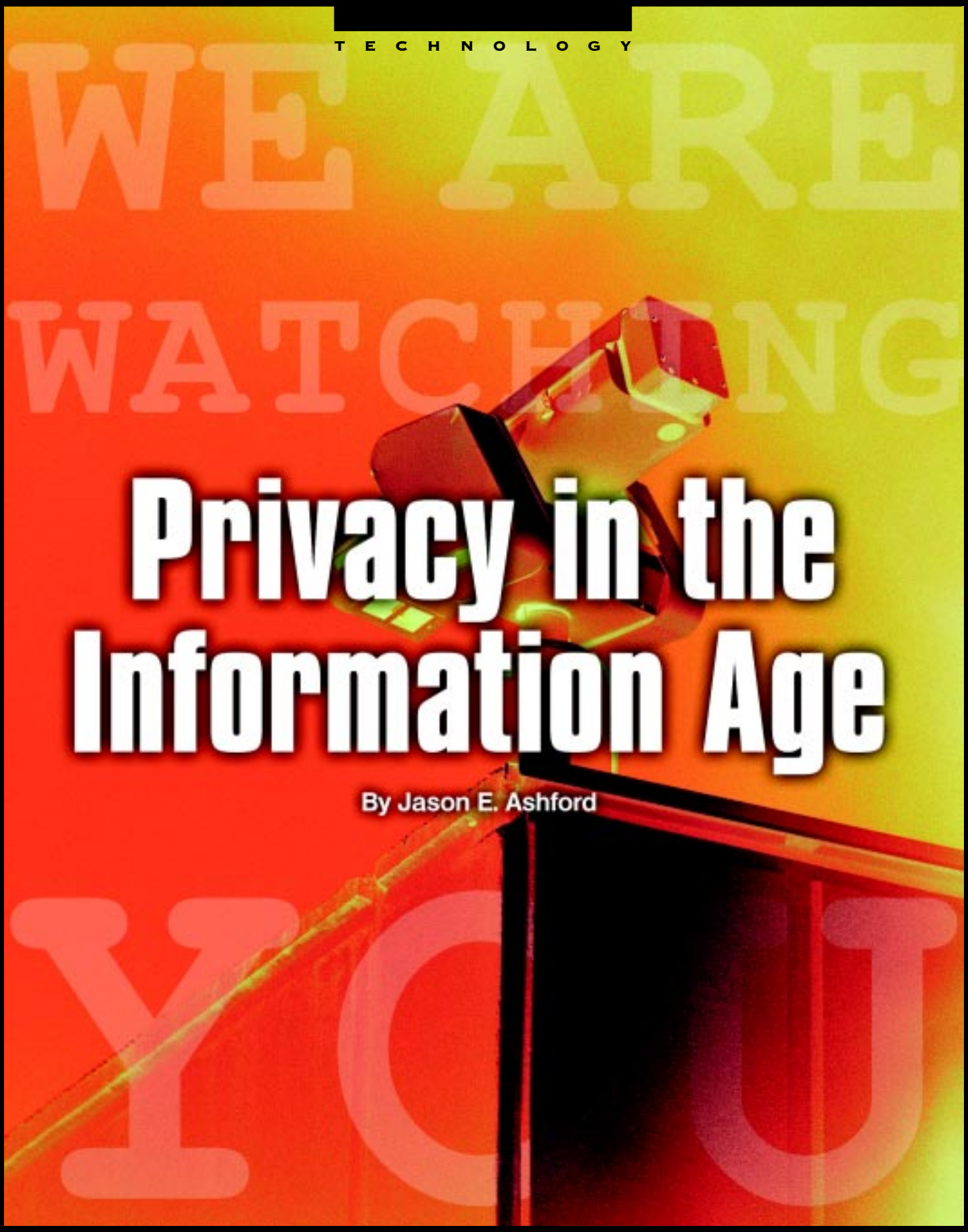
On September 24, 1999, the chair of the Computer Law Section met with the State Bar Executive Committee to discuss how the State Bar might provide the lawyers of Georgia additional guidance in this important area. It was decided that the Section would work with Judge Edward Carriere Jr., State Court of DeKalb County, chair of a committee working on the next update to the disciplinary Rules, to draft a Comment to the Rules addressing this issue.

So, in conclusion, while there are no absolute guidelines for lawyers in Georgia, based upon the responses from the Formal Advisory Opinion Board, it does not appear that the State Bar currently considers there to be an ethics problem with e-mail communications between attorneys and clients.

Jeffrey R. Kuester is a registered patent attorney and a partner with the patent, trademark & copyright firm of Thomas, Kayden, Horstemeyer & Risley LLP. Prior to receiving his law degree from Georgia State University College of Law, Kuester earned his Bachelor of Electrical Engineering degree, with honors, under the computer engineering program from the Georgia Tech. He currently serves the State Bar of Georgia as chair of the Computer Law Section and secretary of the Intellectual Property Law Section. He is also chair of the American Bar Association Intellectual Property Law Section Special Committee on Patents and the Internet.

Endnotes

1. Under the proposed Amendments to the Rules and Regulations of the State Bar of Georgia, Rule 1.6(a) does not differ materially from Standard 28. In relevant part, Rule 1.6(a) requires that "[a] lawyer shall maintain in confidence all information gained in the professional relationship with a client, including information which the client has requested to be held inviolate or the disclosure of which would be embarrassing or would likely be detrimental to the client …"
2. *See* Proposed Rule 1.6(a), *supra* note 1.
3. *Id.*
4. *Id.*



Privacy in the Information Age

By Jason E. Ashford

Privacy rights have received increased focus in recent months with headlines about companies like Intel, Microsoft, America Online and RealMedia running headfirst into controversy. The public and media are putting increasing scrutiny on companies and governments to properly address privacy concerns, especially where technology allows greater and greater access to information that can be used to intrude into previously private areas of people's lives. In the new millenium, any entity that gathers information will be under more and more pressure to disclose what the information is, why it's needed, how it will be used and how it will be shared and protected from unauthorized access. Therefore, it's critical that those in charge of such operations decide before the information-gathering begins what procedures need to be put in place to balance the need to know with the protection of individual and group privacy. This article details why privacy is important, and what steps can and should be taken to insure privacy in this age of technology and free information.

Privacy: Its Importance and its Development

Privacy is defined by some as a "right to be left alone," as a right to choose one's own destiny or to make one's own decisions regarding one's life, and as a right to be free from unreasonable interference or intrusion into one's personal affairs.

Privacy is important for a variety of reasons that can be classified into three broad categories: emotional, economic and security/safety. Emotionally, disclosure of private information can have a devastating effect, resulting in embarrassment, stress and health-related concerns that often accompany such stress. Economic losses for individuals and companies due to disclosure of private information are more visible and quantifiable. Trade secrets, customer preference lists and databases can cost companies thousands or millions of dollars in lost revenue. Individuals face higher insurance rates, loss of employment and harm to their reputations should private information be improperly discovered and disclosed. Identity theft, a relatively recent criminal phenomenon where one's credit and personal histories are compromised, is also a major consequence of improper handling or disclosure of private information. Finally, one's safety and security are at stake when stalkers and other criminals are able to access addresses, phone numbers and other private information improperly through the Internet or other means.

Technology: A Double-edged Sword for Privacy

Technologies like the Internet allow for unprecedented access to information, and the growth of online communities create virtual worlds much smaller and with far greater interaction than was previously possible via the telephone or the written word. However, technology, like most things, has its inseparable draws and drawbacks; Web sites, if they choose to do so, can potentially track visitors, gathering information that can be used in a range of possibly nefarious ways, like mailing lists for producing unsolicited mail, both electronic or traditional. Of even greater concern are companies who might properly gather information from their customers but, due to lax security, might then allow people with criminal intentions to access that information (credit or personal histories, for example) for financial gain. What steps must companies take in this information age to deal with this possibility? Three aspects of privacy protection will be discussed: privacy statements, encryption and personal privacy protection.

Insuring Privacy in a Free Information Society

1. Privacy Statements

Privacy statements are essentially contracts between you or your companies and the objects of your data collection. A good privacy statement should be plainly visible or at least referenced on any documents requesting sensitive information. Companies like IBM know the importance of a good privacy statement and place a link to their statement on their homepage.

A good privacy statement will explain the "what, why and how" of a company's information gathering efforts including with whom and under what circumstances this information will be disclosed or shared, and what steps are being taken to protect unauthorized disclosure. While it's true a strict privacy statement that significantly exceeds current law requirements may subject the company who violates it to fines, there is a greater concern here. Companies wanting to be on the vanguard of ethical responsibility should hold themselves to a higher standard than the law requires, especially since the law in this area is evolving and may eventually subject one to liability anyway. Furthermore, companies like market leader TrustE, *www.truste.org*, will examine a company's privacy statement and help determine whether the statement addresses all necessary areas of personal privacy protection.

CONTINUED ON PAGE 72

Internet Basics

By Caroline M. Sirmon

If you don't know your WWWs from your M&Ms, it's time to learn! Internet and World Wide Web technology is booming around us, and we are rapidly reaching the point where you can't afford to not know. In order to compete successfully in today's dynamic legal environment, speedy access to quality information is essential. Research that used to take days or weeks now takes mere hours — *if* you know how to use the technology available, that is. Here are a few basics to get you started on your way to becoming a computer guru.

What is the Internet?

Simply put, the Internet is a giant network of computer systems stretching all around the globe (and I do mean ALL around the globe, in every continent, including Antarctica). By agreement, all these millions of computers speak to each other using the same computer language. E-mail, the World Wide Web, Usenet news groups and Internet Relay Chat are just some of the more popular components that make up the Internet.

What is the World Wide Web?

The World Wide Web (or the Web, for short) is the part of the Internet that you hear the most about. It consists of linked pages of information – hence the term Web pages. Groups of Web pages are called Web sites. For example, the State Bar of Georgia has a Web site. Within this Web site are Web pages containing information that attorneys, students and members of the public can view. Web pages are visual references of information generally containing text, images, sound and/or video.

What are Hyperlinks?

Hyperlinks (called links for short) connect Web pages to other Web pages or Web sites. Links are either text or graphics that the reader can click on using a mouse. Text links usually appear underlined and in a contrasting color. Image links are sometimes harder to spot, but your mouse cursor will indicate if an area of a Web page is a link by changing from the usual arrow to a pointing hand. Links allow the World Wide Web to be arranged differently from any traditional library or database. Information is catalogued according to its relation to other information, rather than by conventional alphabetical or Dewey Decimal System classifications.

What is a URL?

A URL functions much like your mailing address or telephone number. Each Web page is assigned a unique URL that allows Web browsers (computer programs that read and display Web pages) to recognize and properly display the page. The URL, or Web address, leads you to a particular Web page in the same way a physical address directs you to a specific building or house. As you

probably know, the State Bar of Georgia's Web site is "located" at the following Web address: *www.gabar.org*. By typing a Web address into the navigation bar of your Web browser, you can go directly to the page you wish to view.

How do I get on the Web?

In order to surf the Web, you need Internet access. This is usually established through a modem for dial-in service, through your firm's network or through any number of new digital line services. Many Internet Service Providers (ISPs for short) will supply all the software you need if you sign up for their services. Once you have Internet access, you can begin to explore the Web with your browser. A Web browser is a program that reads Web pages and displays them on your computer. Two of the most popular are Netscape Navigator and Internet Explorer. If you have never used a Web browser before, I suggest you head to the top of your computer screen and click on the Help icon. Netscape Navigator explains the basics on its Help Contents page, while Internet Explorer offers a great Help Tour that includes specific details about the browser as well as general information about the Internet and the World Wide Web.

How did it all Start?

Believe it or not, the Internet isn't quite as new as we think it is. Its ancestor, called ARPANET, was originally a test project of the Department of Defense (DOD) in 1969. The network was extremely successful but had many technical problems. In 1982, many of these problems were cleared up when the DOD declared a universal computer language, called TCP/IP, as the protocol for military computers. TCP/IP quickly became the standard for most internetworking computers. The World Wide Web was invented in 1989 by Tim Berners-Lee, who created most of the basic foundations of the Web including HTML, the language in which Web pages are written. The Web didn't become universally popular until after 1993, when the National Center for Supercomputing Applications created the first Web browser, called Mosaic.

Where to find More Information

There are too many ways to learn about the Internet to list them all here. If you have some extra time and want to take an Internet class, many colleges and universities offer continuing education courses at night and on the weekends. Many professional training centers offer one- or two-day sessions as well. Since most lawyers are pressed for time, I would suggest reading a book rather than taking a class. A book can be set aside for a while when your caseload gets too heavy and will cost about one-tenth as much.

There are two books that I've found to be particularly well written and informative. *The Internet for Dummies* by John R. Levine, Carol Baroudi and Margaret Levine Young is part of the "*… For Dummies*" series, which offers books on almost every subject imaginable. (Please don't be put off by the title. The series is really great!) The language is completely non-technical and oftentimes quite humorous. The book covers, in detail, just about every question you might have about the Internet and includes a helpful glossary. The copy I bought came complete with a bonus CD full of Internet Software. *The Internet for Dummies* retails for about $25. If you aren't sure you will ever actually read the book, you might be interested in a cheaper Internet introduction. *Internet to Go* by Alan Simpson sells for only $6.99. This pocket-sized paperback is written in plain English and guides the reader through many of the most popular features of the Internet.

When you begin to surf, don't forget to check out *www.gabar.org* for the latest information about the State Bar of Georgia!

Caroline M. Sirmon is the Internet coordinator for the State Bar.

Privacy Continued from page 69

Once the information is gathered, and hopefully after proper disclosures have been put in place, effective data security and integrity measures are critical to prevent inadvertent disclosure.

2. Encryption, Remailers and Personal Privacy Protection

Sending e-mail can seem as secure as making a telephone call, but appearances can be deceiving. Technical experts have likened the transmission of e-mail to sending a postcard across the country — the contents are exposed for all to see. Fortunately, packages such as Pretty Good Privacy can provide the protection necessary to put e-mail "back into an envelope."

Pretty Good Privacy is the most popular method of encrypting e-mail, files and data to prevent unauthorized access. Its security measures are quite effective and its options for linking to all the major e-mail clients provide a seamless and user-friendly encryption process. Furthermore, commercial packages using the same technology are available to encrypt files and data as well as e-mail. Without such encryption, sensitive e-mail is available to all who care to look.

Remailers allow you to protect your e-mail address from being given away when you send e-mail to an

Continued on page 77

West new 1/2 p 4C "at least 2000 reasons

martindale-hubbell, fullpage 4 color new

Midyear Meeting: A New Century

By Jennifer M. Davis

LAWYERS FROM ACROSS GEORGIA KICKED off the new century by gathering in Atlanta during the first week of January. The Midyear Meeting of the State Bar of Georgia was held Jan. 6-9, 2000, at the Swissôtel in Buckhead. The convention was a blend of committee meetings, section luncheons and receptions, alumni functions, and CLE offerings.

On Saturday, Jan. 8, the Board of Governors held its 172nd meeting. In keeping with the turn of the century, the Board considered the future of the State Bar of Georgia in two ways: headquarters and license fees.

Bar Center

Following a report by Bar Center Committee Chair Frank Jones, the Board approved a strategic plan that will maximize the headquarters for the benefit and use of every Bar member. Jones reiterated that "the Bar Center belongs to all Georgia lawyers." He added that his committee had borrowed ideas from other state bars as to how they use their headquarters. Likewise, they polled the neighboring associations to avoid any pitfalls they may have encountered. The State Bar will occupy its new home in either the spring or fall of 2002, depending on a final lease extension available to the Federal Reserve Bank.

Finally, Larry Bogart of Powell, Goldstein, Frazer & Murphy was presented an Of Counsel Award, honoring him for donating invaluable real estate counsel with regard to the Bar's move to 101 Marietta Street.

Financial Outlook

As the Board considered the future relocation of its headquarters, it also studied the financial forecast. First, Clayton Walts of Troutman Sanders was presented an Of Counsel Award in recognition of his donating hours to review the Bar's pension plan and offering wise counsel, which will serve the financial interests of the State Bar and its employees.

Next, Treasurer Jim Durham presented several scenarios projecting the financial future of the State Bar of Georgia both with and without a dues increase. The State Bar has not had a dues increase for five years, while its programs have continued to expand to serve the profession. One example is the Law Practice Manage-

1. At the Board dinner on Friday, Immediate Past President Bill Cannon delivers a speech for which he won an ABA award. It will be published in the next issue. 2. President Rudolph Patterson (right) and his wife, Margaret, (left) visit with Judge Dane Perkins and his wife, Danita. 3. Attorney General Thurbert Baker addresses the Board regarding post-conviction capital representation. 4. Past President Frank Jones presents the strategic plan for the Bar Center. 5. President Patterson presents Clay Walts (left) with an Of Counsel Award for donating legal advice regarding the Bar's pension plan. 6. Board member Ed Marger makes a point at the meeting. 7. Corporate & Banking Law Section chair Rich Brody presents his group's proposed legislative package. 8. President Patterson presents Georgia Legal Services Executive Director Phyllis Holmen with a $260,000 check representing lawyers' donations to the annual fundraising drive. 9. Bill Scrantom discusses the pilot mentoring project for beginning lawyers. 10. Board member Jim Benefield and his wife, Susie, enjoy Friday's dinner. 11. William Jenkins reads resolutions honoring three for their work with BASICS: Chief Justice Robert Benham, Judge Richard Deane and Helen Scholes. 12. Judge Thelma Wyatt-Cummings talks with President Patterson at a joint luncheon of the State Bar Executive Committee and both State and Superior Court Judicial Councils. 13. Visiting at the Tort & Insurance Practice Section reception are: (l-r) Gary Sachs, Todd Hatcher, Vince Toreno and Edward Bauer. 14. Past President Bobby Chasteen (left), chair of the Lawyers Foundation of Georgia (LFG) Board of Trustees, visits with Secretary of State Cathy Cox and her husband, Mark Dehler. The LFG reception was sponsored in part by Insurance Specialists Inc.

1

2

3

4

STATE BAR
OF GEORGIA
5

6

7

STATE BAR
OF GEORGIA
BAR
8

9

10

11

12

13

14

ment Program, which helps lawyers run the business side of their practices. Another is the Consumer Assistance Program (CAP), which has resulted in a marked decrease in the number of grievances filed against attorneys. CAP addresses minor complaints that do not rise to the level of a disciplinary violation. The State Bar Program Committee is in the process of reviewing all current programs to evaluate their relativity and financial prudence.

Legislation

The Midyear Meeting also marks the finalization of the State Bar's legislative agenda in anticipation of the 2000 session of the General Assembly, which convened on Monday, Jan. 10. The Board of Governors took the following action:

- The Board approved several proposals from the Corporate and Banking Law Section designed to assist the corporate bar in advising clients on uncertainties that have arisen following the decision in *Invacare Corp. v. Healthdyne Technologies, Inc.*, 968 F. Supp. 1578 (N.D. Ga. 1997). The proposed legislation would amend O.C.G.A. §14-2-601, 14-2-602, 14-2-624, 14-2-731, 14-2-732, 14-2-825, 14-2-1004, and 14-2-1020.
- The Board did not pass a recommendation from the Post-Conviction Capital Representation Committee, which would have amended O.C.G.A. 17-10-40 to provide that an order setting an execution date in a death penalty case cannot be entered until the statutory time periods for filing state and federal habeas corpus had expired. Supporters of the proposed legislation argued that a bill was needed to encourage more Bar members to participate as counsel for death row inmates. The opponents of the measure, led by Attorney General Thurbert Baker, stated that the proposal would simply add to already unacceptable delays in carrying out justice in death penalty cases. After lengthy debate on the merits of the bill, a consensus seemed to emerge that the Bar needed to address the broad issue of providing representation to death row inmates in a manner which would not add to the lengthy appellate process.

The Bar's entire legislative package can be found online at *www.gabar.org/ga_bar/legislat.html/*. The legislative proposals which were previously passed by the Board can also be found on page 36 of the December 1999 *Journal*.

BASICS

Three individuals received resolutions for their dedication to the Bar Association Support to Improve Correctional Services (BASICS) program, as presented by Committee Chair William Jenkins. BASICS was created in 1976 in response to a challenge by then-U.S. Supreme Court Justice Warren Burger for lawyers to get more involved in criminal reform. BASICS is designed to prevent recidivism and to return persons to society as productive citizens. The program is a 10-week course that teaches motivation, business, education, and personal development to inmates who are within a year of release. Since its inception, BASICS has graduated over 7,000 inmates.

Georgia Supreme Court Chief Justice Robert Benham and Judge Richard H. Deane Jr. (a former BASICS Committee chair) were both honored for ensuring the continuation of the program when a funding crisis threatened its elimination. Helen Scholes, who works with the Georgia Department of Corrections as state director of Transition/Diversion Centers, was commended for encouraging centers statewide to present the BASICS program.

Multidisciplinary Practice

The Bar continues to study the issue of multidisciplinary practice through it MDP Committee, chaired by Past President Linda A. Klein. Her group will focus on seven issues: client confidentiality, conflict of interest, unauthorized practice of law, independent professional judgment, legal services to the poor, fee splitting, certification and discipline. She invites input from lawyers as her group studies this important issue which could potentially reshape the legal profession.

Malpractice Insurance

In 1997, after thorough research, the State Bar of Georgia entered into an agreement with American National Lawyers Insurance Reciprocal (ANLIR) to be the Bar's recommended malpractice insurance carrier. The arrangement is unique in that the State Bar has a seat on ANLIR's Board of Directors giving Georgia lawyers a voice in how the company is run. In addition, three percent of the premiums paid by Georgia lawyers are returned to fund loss prevention programs for lawyers in our state. Since the endorsement contract was signed, ANLIR has written 865 policies in Georgia. There are a total of 25 open claims, and only two have been paid, according to Barbara Evans, ANLIR's local director of marketing.

Past President Ben F. Easterlin, who sits on the ANLIR Board, added that their presence in Georgia has had an unanticipated but positive outcome. Because ANLIR's premiums were significantly lower than the competition when they entered the market, other companies have begun to match their rates. Therefore, whether or not you have made the switch to ANLIR, the Bar's

endorsement agreement has made malpractice insurance cheaper for all lawyers. To explore ANLIR's professional liability coverage, call Georgia's representative Barbara Evans at (888) 889-4664 or (770) 645-3070.

Mentoring Program

W.G. Scrantom Jr. presented the report of the Standards of the Profession Committee, which is conducting a pilot project to test the viability of a mentoring program for beginning lawyers. The idea was born during then-President Ben F. Easterlin IV's term as a consideration that lawyers should participate in an internship — similar to what doctors complete — prior to admission to the Bar. The mentoring pilot project began with a training session for mentors on Nov. 5, 1999.

Other Business

Following are the highlights of the rest of the Board of Governors meeting:

- President-elect George E. Mundy announced the initiation of a sponsorship plan to offset expenses associated with the State Bar's yearly conventions. The hope is to reduce the cost for Board of Governors members and other Bar members who are not reimbursed by the Bar for any expenses associated with attendance — whether hotel, travel, or social/meal functions. The ultimate goal is to attract enough vendors to save the Bar money in running these conventions.
- President Rudolph N. Patterson presented Phyllis J. Holmen, executive director of the Georgia Legal Services Program, with a check for $260,000 representing lawyers' and law firms' contributions to providing legal services to the poor. This record amount is $10,000 higher than the 1999 campaign.
- The Board approved a bylaw change amending the age cut-off for the Young Lawyers Division ABA delegate to less than 36 at the beginning of the term. This makes Georgia consistent with the ABA definition. Thereafter, the Board approved the election of L. M. "Tripp" Layfield III to fill the unexpired term of LaRonda Barnes.
- The Board approved the following appointments to the Georgia Access to Justice Project: Bryndis Roberts (3-year term), Robert L. Foreman Jr. (3-year term), Charles R. Bliss (1-year unexpired term of Susan Reimer).
- The Board approved the following appointments to the Code Revision Commission: Wayne Snow, Hugh Brown McNatt, Judge Walter McMillan, Senior Judge Hugh Sosebee and Bettieanne C. Hart.
- The following changed their section year to cooincide with the Bar's fiscal year: Products Liability and Corporate & Banking. The latter also changed its name to Business Law Section.

Privacy Continued from page 72

unfamiliar person. It works by routing your message through multiple, random mail servers on its way to it destination, resulting in an e-mail header that is useless for determining its source. Remailers will increase the time necessary for a message to arrive, but when anonymity is critical, they can be lifesavers. Other types of pseudo-remailers are Web sites such as the Anonymizer, *www.anonymizer.com*, which protects against Web sites learning your Web site visitation habits, addresses, geographical location and employment details. These sites allow you to access the Internet through an intermediary, which in turn serves as a barrier to prevent you from disclosing private information.

Finally, it makes sense to protect your personal privacy by: ordering a credit bureau report once a year; requesting that your address be removed from direct mail marketing lists and credit bureau credit offers; maintaining an unlisted phone number; and insuring that each time you divulge confidential information, a legitimate need is present and proper safeguards are used to protect your information.

While it's true that no one's privacy is complete, private citizens shouldn't be forced into living in a giant fishbowl simply because the Internet has arrived. Taking simple, reasonable precautions and using technology to protect yourself will help insure that those using technology to dig into your private life won't get very far.

Jason Ashford is an adjunct professor in the information technology and business departments at Macon State College. He teaches business law and legal issues in technology, and lectures on privacy and technology. He received his J.D. from Florida State in 1993. Additionally, he is the Comptroller/Support Flight Commander for the 5th Combat Communications Group at Robins Air Force Base in Warner Robins. He is a member of the Georgia and Missouri Bars.

COMING TO A COMMUNITY NEAR YOU

By Joseph W. Dent

The cover story for this issue is e-commerce. I do not know that I understand the exact definition of e-commerce, but I believe it has something to do with the Internet, possibly purchases through the Web. I expect this issue will enlighten me.

Being a bachelor, not yet confirmed, I definitely look for the easy way to shop. Prior to becoming Internet savvy, I did a lot of shopping at Albany's gift stores. Whenever I needed to purchase a gift for a wedding or shower, I typically called a gift shop where the recipient was registered. I am well known to the staff of various stores, and they assisted with selecting a gift, gift wrapping, and charging my account. I simply had to drive by, pick up a wrapped gift and deliver it. I must confess there were times when I was just as surprised as the recipient when the package was opened.

From my perspective, e-commerce is very similar to contacting the gift store, and it is a Godsend to bachelors. Since going online, I have made several purchases over the Internet. I have bought dress shirts, a suit, and various gifts. It is very simple to go to *Amazon.com*, order a gift, request it be gift wrapped, and have it shipped directly to the recipient. It is shopping at the tips of your fingers from the comfort of your home or office.

Now, you might be asking what e-commerce has in common with the YLD. Nothing, really. But like all the other dot coms out there, the YLD can also be found at your fingertips. More precisely, everything you want to know about the YLD, its programs, committees, and events, can all be found by typing *www.gabar.org* in your computer's Internet address box. While the YLD does not sell any goods or services online, it *will* keep you informed of the many great projects and activities taking place. Which leads me to my next point.

Currently, the Young Lawyers Division is in the midst of organizing the Fifth Annual Great Day of Service, scheduled for Saturday, April 29, 2000. The event is a statewide effort by attorneys who dedicate one day to helping with service projects planned in their own communities. The Young Lawyers Division coordinates the Great Day of Service, but all members of the Bar are welcome and encouraged to participate. So go online now to *www.gabar.org* and find out about the upcoming service project planned for *your* community on April 29.

What? You're still reading on? You mean you haven't logged on to our Web site yet? I thought as much, so I have listed here for you the communities and contact persons who have already signed on to participate in the Great Day of Service. If you live in one of these communities, please call the contact person in your area to volunteer. If your community is not listed, please consider volunteering to organize a project for your area. For the latest update on Great Day community projects, log onto our Web site . . . (you know the drill). Help us make the Fifth Annual Great Day of Service a huge success. Volunteer now!

YLD ELECTIONS NOTICE

The Nominating Committee of the Young Lawyers Division will meet immediately following the YLD Business Meeting at the Spring Board of Governors/YLD Meeting at Macon Crowne Plaza on Saturday, March 25, 2000.

Anyone interested in running for YLD Executive Council, Post 2 positions should contact the YLD office at (404) 527-8778 or (800) 334-6865 ext. 778.

Great Day of Service—Saturday, April 29, 2000

Albany Brian Rutland (912) 883-6800	**Americus** Paul Farr (912) 924-9316	**Atlanta** Damon Elmore (404) 239-1150	**Atlanta** Jeremy Citron/Kristine Moschella (404) 817-8560/(404) 874-8800
Augusta Laurel Payne (706) 823-4270	**Canton** Jonathan Pope (770) 479-0366	**Cedartown** Brad McFall (770) 748-2815	**Decatur/DeKalb** Andréa Muller (404) 261-7711
Gainesville Kristine Orr (770) 534-1980	**Henry Co. Bar** Bonnie Baker (770) 957-1199	**Macon** Miguel Garcia (912) 745-1651	**Marietta** Mason Rountree (770) 443-6060
Rome Brian McWhorter (770) 748-3870	**Tifton** Render Heard (912) 388-1925	**Savannah** Michael Barker/Derek White (912) 652-7154/(912) 234-1133	

YLD Golf Tournament Raises $15,000

ON OCTOBER 12, 1999, THE Young Lawyers Division Law-Related Education Committee and the State Bar of Georgia Law-Related Education Standing Committee held the 2nd Annual LRE Golf Tournament at the Oaks Course in Covington, Georgia. One hundred-nineteen players and numerous sponsors and contributors supported the tournament, which raised $15,000 for the Georgia Law-Related Education Consortium.

The Georgia LRE Consortium is an association of institutions, agencies, organizations and individuals with the belief that law-related education is an essential element in developing productive, law-abiding citizens. Money raised from the LRE Golf Tournament will help fund an endowment, called the Marshall Fund, which will allow the work of the Consortium to continue unhindered.

The Young Lawyers Division would like to thank those who participated in the tournament, as well as the following sponsors and contributors, for their support of the 2nd Annual LRE Golf Tournament:

Gold Sponsors
- BellSouth Mobility
- Butler, Wooten, Overby, Fryhofer, Daughtery & Sullivan
- Georgia Civil Justice Foundation
- Henry, Spiegel, Fried & Milling
- Lehman Brothers, San Francisco, California (Randy Hynote)
- Pulliam & Brooks
- Slappey & Sadd
- Sutherland, Asbill & Brennan

Silver Sponsors
- BellSouth Legal Department
- Dougherty Circuit Bar Association
- Husser & Gammage
- Newton County Bar Association
- Pope, McGlamry, Kilpatrick & Morrison
- Slutzky, Wolfe & Bailey
- South Fulton Bar Association (Barbara Moon & Scott Walters)
- Westmoreland, Patterson & Moseley

General Sponsors
- Adams Braun
- Brinson, Askew, Berry Seigler, Richardson & Davis
- Law Offices of Brenda J. Bernstein
- Law Offices of Joyce E. Kitchens
- Law Offices of Drew Powell
- The Steel Law Firm
- Troutman Sanders

Contributors
- Coca-Cola Enterprises
- Courtroom Visuals
- Edwin Watts Golf Shops
- Georgia Institute of Continuing Legal Education
- David and Janet Hudson
- IKON
- C. Brad Marsh, Esq.
- Nabisco
- Ya-Ya's Cajun Cuisine

AAA - pickup 12/ 99 p55

GEORGIA MOCK TRIAL COMPETITION

Judges and Evaluators Needed!

The State Finals Competition will take place at the Gwinnett Justice and Administration Center in Lawrenceville, March 11-12

Judges/Evaluators with prior high school mock trial experience may also register for State Finals online at *www.gabar.org/ga_bar/yld.htm*

For more information, contact the Mock Trial Office

404/527-8779 ◆ 800/334-6865 ◆ *mocktrial@gabar.org*

WHO'S WHERE

In Albany

Langley & Lee LLC announces that **William W. Calhoun**, formerly an assistant attorney general for the state of Georgia, has joined the firm and may now be reached at its offices located at 412 Tift Avenue, Albany, GA 31701; (912) 431-3036; Fax (912) 431-2249.

In Alpharetta

Matthew P. Brummund has been named associate of **Myers, Townsend & McKee PC.** He will concentrate on nonprofit organizations law, trusts and estates, and criminal defense. Also, the firm has expanded and relocated its offices to 1000 Mansell Exchange West, Suite 180, Alpharetta, GA 30022; (770) 640-1640.

In Atlanta

Powell, Goldstein, Frazer & Murphy LLP has formed a multidisciplinary team, Eagle Partners, to focus exclusively on serving the legal needs of high-growth companies in a wide variety of industries. The Eagle Partners group consists of 70 attorneys within the firm's Atlanta and Washington offices. The team will focus on rapidly growing companies in emerging or consolidating industries including Internet/e-commerce, telecommunications, biotechnology, medical device manufacturing and other high-growth sectors. For more information, visit the firm's Web site at *www.pgfm.com*.

Marian Exall, formerly senior corporate counsel/employee relations with The Home Depot Inc., has joined **Matthews & Greene LLC** a labor and employment practice located at 5901-A Peachtree Dunwoody Road, Suite 200, Atlanta, GA 30328; (770) 206-3371.

Frank E. Martínez and **Deborah J. Torras** have relocated their law offices. Martínez will continue to serve English and Spanish-speaking clients while concentrating on family law, bankruptcy, immigration, and wills and probate. Torras will continue to practice in the areas of family law, business law and bankruptcy. The offices are now at Powers Ferry Woods, Suite 280, 2022 Powers Ferry Road, Atlanta, GA 30339; (770) 541-1050.

Fragomen, Del Rey, Bernsen & Loewy is pleased to announce that **Claire Lemme** has joined the firm's Atlanta office as an associate focusing in business immigration law. The office is located at 1175 Peachtree Street, NE, 100 Colony Square, Suite 700, Atlanta, GA 30361; (404) 249-9300.

Jones & Askew LLP announces the addition of seven associates to the firm: **Joseph M. Bennett-Paris, Ph.D.; Scott E. Brient; David J. Hayzer, Ph.D.; Jerry C. Liu; Steven L. Park; Charles E. Peeler**; and **D. Kent Stier, P.E.** The attorneys will work on a broad range of intellectual property issues involving patent, trademark and copyright law and related intellectual property litigation. The office is located at 2400 Monarch Tower, 3424 Peachtree Road, NE, Atlanta, GA 30326; (404) 949-2400.

Love and Willingham LLP is pleased to announce that **Jason B. Branch, Anna Burdeshaw Fretwell, Ashley R. House, Julye Johns** and **Wesley C. Taulbee** are now associates with the firm, which is located at Suite 2200, Bank of America Plaza, 600 Peachtree Street, Atlanta, GA 30308; (404) 607-0100.

Hunton & Williams announces the following additions to the firm's Atlanta office: **Ashley Fillingham Cummings** and **Julia B. Haffke** have been named associates on the firm's litigation-antitrust & alternative dispute resolution team; **Camille Cazayoux** has joined the real estate practice team as an associate; **Stephen A. Camp** has been named associate on the labor & employment practice team; and **Nicholas A. Formisano** has joined the corporate & securities practice team as an associate. The office is located at NationsBank Plaza, Suite 4100, 600 Peachtree Street, NE, Atlanta, GA 30308-2216; (404) 888-4000.

Kilpatrick Stockton LLP announces that **John MacMaster** has joined its tax practice as partner in the firm's Atlanta office. Prior to entering private practice, MacMaster worked for eight years with the Office of Chief Counsel of the Internal Revenue Service in Washington DC. Most recently, he was with Winthrop, Stimson, Putnam and Roberts in New York City. Kilpatrick Stockton also announces that it has joined forces with Third Millenium Communications, Atlanta's largest privately held Internet company, forming a long-term strategic relationship. The Atlanta office of Kilpatrick Stockton is located at 1100 Peachtree Street, Atlanta, GA 30309; (404) 815-6500.

The Atlanta office of **Womble Carlyle Sandridge & Rice** is pleased to welcome 11 new associates: **Jeffrey B. Arnold, Judy Jarecki-Black, Ph.D., John A. Savio, III** and **Li Kan Wang** have

joined the intellectual property practice group; **Ana C. Davis, Riché T. McKnight** and **Jimmy E. White** have joined the business litigation practice group; **Jennifer L. Gourley** is in the banking, finance and property practice group; **Adam S. Katz, Louis C. Schwartz** and **Jeong-Hwa Lee Towery** have joined the corporate and securities practice group. For more information, visit the firm's Web site at *www.wcsr.com*.

The international law firm of **Jones, Day, Reavis & Pogue** announces that **George T. Manning** has succeeded Girard E. Boudreau Jr. as Atlanta partner-in-charge. The Atlanta office is located at 3500 SunTrust Plaza, 303 Peachtree Street, Atlanta, GA 30308-3242; (404) 521-3939.

The Atlanta office of **Seyfarth, Shaw, Fairweather & Geraldson** has expanded and relocated to the top floor of Peachtree Pointe and is the new building's anchor tenant. Also, **Jack B. Albanese** has joined the office as an of counsel attorney. The new location is One Peachtree Pointe, 1545 Peachtree Street, Suite 700, Atlanta, GA 30309-2401; (404) 892-6412.

Amy Elizabeth Miller has joined the Atlanta office of **McGuire, Woods, Battle & Boothe LLP** as an associate in the labor and employment law group. For more information, visit the firm's Web site at *www.mwbb.com*.

In Macon

Hall, Bloch, Garland & Meyer, LLP announces that **Heather A. Currier** and **Emily K. Turner** have become associated with the firm, which is located at 1500 Charter Medical Building, 577 Mulberry Street, Macon, GA 31208-5088; (912) 745-1625.

Official Opinions

Attorney General Thurbert Baker

Schools, Public; curriculum; courses in religion. While neither the United States nor the Georgia Constitution contains a *per se* prohibition against teaching about the Bible in public schools, there are very strict legal limitations on how, and in what context, such courses may be taught. (11/22/99 No. 99-16)

Fingerprinting; misdemeanor criminal offenses. Updating of crimes and offenses for which the Georgia Crime Information Center is authorized to collect and file fingerprints. (12/15/99 No. 99-17)

Unofficial Opinions

Medical College of Georgia; retirement plan. The Board of Regents is within its statutory and constitutional authority in establishing a supplemental retirement plan at the Medical College of Georgia in consideration of continued service by employees during significant institutional change. (11/23/99 No. U99-10)

Home rule powers; misdemeanor fines. Limitations placed upon municipal home rule powers by O.C.G.A. § 36-35-6 expressly preclude a municipality from providing by either ordinance or charter amendment, for a fine or forfeiture in excess of $1,000. (12/3/99 No. U99-11).

In Madison

H. James Winkler and **Jeffrey R. Davis** announce the formation of **Winkler & Davis LLC.** The office is located at 300 Hancock Street, P.O. Box 671, Madison, GA 30650; telephone (706) 342-7900; fax (706) 342- 0011; *www.winklerdavis.com*.

In Savannah

Partners **Abda Lee Quillian, Charles V. Loncon** and **Michael L. Edwards** announce the formation of the law firm **Quillian, Loncon & Edwards LLP**. The practice will concentrate on civil and criminal litigation as well as real estate law. **Michele Henderson** will serve as Of Counsel, maintaining her office in Richmond Hill, Georgia. The new firm is located at 7 East Congress Street, Suite 1001, P.O. Box 10204, Savannah, GA 31412-10204; (912) 236-8900.

Dan Turner pickup 12/99 p58

A Valuable Overview Of Intellectual Property

M. Simensky, L. Bryant & N. Wilkof, eds., *Intellectual Property in the Global Marketplace — Vol. 1 Electronic Commerce, Valuation and Protection,* 2d ed. John Wiley and Sons, Inc. 933 pages. $155

Reviewed by Karen W. Shelton

INTELLECTUAL PROPERTY IN THE GLOBAL *Marketplace* is an ambitious work that includes 62 chapters and contributions by 85 authors. The book is written from an interdisciplinary perspective which makes it more interesting reading for the intended audience of international business executives and their counsel, but of less practical use. The editors' stated goal is to make corporate executives knowledgeable about the extreme importance of intellectual property in their business transactions, help them explore intellectual property questions in different business settings and explain "the changing commercial role of intellectual property in the international marketplace," including over the World Wide Web. Even though they do accomplish this goal, the book will be most valuable to lawyers who do not have much experience with either intellectual property or its business applications (including the Internet).

The book will be most valuable to lawyers who do not have much experience with either intellectual property or its business applications (including the Internet).

Although *Intellectual Property in the Global Marketplace* has limitations as a reference tool, the book does provide good histories and general overviews, which are quite valuable for the uninitiated. It begins with an engaging and thought-provoking overview of intellectual property, describing it as the new "global currency;" in so characterizing intellectual property, the opening section ambitiously explains the legal scheme for protecting intellectual property, describes the value of different intellectual properties as a new source of wealth, covers international developments and recaps some new intellectual property laws. The author finishes with a discussion of the appropriate scope of protection that society should afford to intellectual property holders. The chapter benefits from interesting examples, interesting historical facts and illustrative case citations.

The section on online commerce begins with a history of the Internet, then moves on to a discussion of trademarks and domain names from a U.S. and international perspective. One of the more interesting chapters in this section details the advent of electronic commerce and its impact on intellectual property, banking and finance. The discussion of the protection of security interests in the context of intellectual property licenses is easy to understand and helpful. Since the case law in this area is being created on a daily basis, however, the case cites are merely useful history; the precedents are, in many cases, no longer good law.

Other chapters in Part I analyze numerous legal problems in global commercial transactions involving every type of intellectual property, all of which were triggered by the Internet's explosive growth. They also explain the vulnerability of traditional intellectual property protection due to the rapid speed of technological advances. The final chapter in this section focuses on the legal, strategic and global concerns of business use of the Internet, considering the issues raised by the convergence of industries, as well as the issue of global piracy. It also gives a good synopsis of Internet equipment technology and Internet new media. The last chapter of this section discusses the Internet's impact on health care. Had the chapter been written today, however, it would have most likely included mention of WebMD and similar sites, which are conspicuously absent from the discussion.

Part II addresses economic and financial issues in intellectual property such as valuation, and points out their increasing importance in merger and acquisition transactions — while, at the same time, recognizing the difficulties inherent in valuing a constantly moving target. A chapter on intellectual property audits is also included. Having recently reviewed a great deal of material regarding intellectual property audits in preparation for undertaking such an audit, however, I found this chapter to be relatively

weak. The remainder of this section covers financial accounting and reporting considerations, as well as tax issues and the view that rating agencies take of intangible assets. The issue of global piracy is addressed in the context of the financial valuation of intellectual property.

Part III covers the protection of intellectual property, but not in any cohesive manner. The topics vary widely from protecting trademark assets in the international market to the insurance and management of intellectual property risks, to the current state of intellectual property rights in the former Soviet Union. The subjects also include practical applications of brand valuation to corporate trademark management and a case study on the protection of intellectual property rights in Ghana. There is a pronounced lack of focus in this section.

The final two sections are each centered around a theme on which different authors comment from several international perspectives. In Part IV, the acquisition and disposition of intellectual property in commercial transactions is presented from Canadian, U.S. and European viewpoints. Inexplicably, the subjects of international and U.S. licensing of intangibles, available remedies for dispute resolution in international and domestic trademark licenses and bankruptcy and intellectual property are seemingly haphazardly included in this section. Part V consists of a discussion of international law and developments on security interests in intangible assets in 33 different countries.

In addition to the lack of focus in some chapters, there are a few other drawbacks of this work that should be acknowledged. Because of the rapidly changing nature of intellectual property, in almost all of the chapters, the material is already outdated. For example, it is odd to read that the Microsoft antitrust case has not yet been decided at the federal district court level. Likewise, discussions about the anticipated benefits of the Netscape and America Online merger are amusing. Moreover, given the newly effective Registrar Administrative Dispute Policy, a detailed description of the old Network Solutions Dispute Resolution Policy is now of little or no value. Another annoyance in reading this book as a whole is that certain subject matter is repeated (*e.g.*, domain name disputes, global piracy and personal jurisdiction in cyberspace). This book could have been shorter and a better reference tool had the editors trimmed the duplication and more carefully focused each section.

Intellectual Property in the Global Marketplace is not a legal treatise and contains limited practical advice. The book is, however, worthwhile reading for attorneys; it provides a global view on intellectual property from both a business and legal view point that is informative and challenging.

Karen W. Shelton is assistant counsel with National Service Industries, Inc. in Atlanta concentrating in intellectual property and software licensing. Shelton received her B.A. with high distinction from the University of Virginia in 1984, and her J.D. with honors from Duke University in 1987.

Garrett Group pickup 12/99 p55

N.GA Mediation pickup, 12/99 page 50

Nominations Sought: Chief Justice Community Service Awards

"These awards recognize the excellent contributions that lawyers make in their communities."
— J. Henry Walker, Community Service Task Force and YLS Past President, State Bar of Georgia

This year the State Bar of Georgia and the Community Service Task Force of the Chief Justice's Commission on Professionalism are sponsoring up to 10 awards to honor lawyers and judges who have made outstanding contributions in the area of community service. The Chief Justice Robert Benham Awards for Community Service will be presented at the Annual Meeting in June. The recipients will be selected from the nominations based on the following criteria:

These awards recognize attorneys who have combined a professional career with outstanding service and dedication to their community through voluntary participation in community organizations, government sponsored activities or humanitarian work. These lawyers' contributions may be made in any field including but not limited to the following: social service; church work; politics; education; sports; recreation; or the arts. Continuous activity over a period is an asset.

To be eligible a candidate must: 1) be an attorney admitted to practice in Georgia; 2) be currently in good standing; 3) have carried out outstanding work in community service; and 4) not be a member of the Task Force. Members of the Community Service Task Force may not make or submit nominations.

Nominations should be made by letter describing the nominee's community service work, accompanied by letters from the community sufficient to allow the Task Force to make a reasonable judgment.

Selection Process: The Community Service Task Force will review the nominations and select the recipients. One recipient will be selected from each judicial district for a total of ten winners. If lack of nominations results in no recipient in a district, then two or more recipients might be selected from the same district. All Community Service Task Force decisions will be final and binding. Award recipients will be notified no later than June 1, 2000.

Nominations must be postmarked by May 1, 2000. Please submit to the Community Service Task Force, c/o the Chief Justice's Commission on Professionalism, 800 The Hurt Building, 50 Hurt Plaza, Atlanta, Georgia 30303.

For information, please call Barbara Jennings (404) 651-9385.

Arthur Anthony pickup 12/99p88

house ad?

lexis law publishing full page, 4 color new art

DISCIPLINE NOTICES (As of December 1, 1999)

Disbarred

George W. Greenwood III
Roswell, GA
Attorney George W. Greenwood III (State Bar No. 309169) has been disbarred from practice of law by Supreme Court Order dated Nov. 15, 1999. Greenwood failed to respond to State Bar disciplinary charges. Accordingly, the Supreme Court found that in one disciplinary case, Greenwood failed to properly maintain his attorney trust account by authorizing two debits that resulted in negative balances. In a second case, Greenwood was charged a fee of $5,000.00 to represent a client in a criminal matter. The client's mother made an installment payment towards the fee. Greenwood later demanded that the client pay an additional $5,000.00 and that the client's mother give him her mink coat as collateral for the unpaid fees. Afterwards, Greenwood abandoned the legal matter entrusted to him and refused to return the client's file, any portion of the cash paid or the mink coat. He also refused to account for his unearned fee or the coat.

Review Panel Reprimand

Larry James Eaton
Fayetteville, GA
Attorney Larry James Eaton (State Bar No. 237880) has been ordered to receive a Review Panel reprimand by Supreme Court Order dated Nov. 16, 1999. Eaton was paid a retainer of $1,000.00 and filing fees of $95.00 to defend his client in a malicious prosecution action and file a petition to terminate the life estate of the client's mother in certain property. The malicious prosecution action was resolved in the client's favor. Eaton prepared the pleadings to terminate the life estate; however, Eaton and his client agreed to postpone filing the pleadings for thirty (30) days. Eaton did not file the pleadings because he was injured in an accident. When the client determined the pleadings had not been filed, the client filed a State Bar grievance. Eaton failed to timely respond to the charges and the Supreme Court found him in default. Accordingly, the Court ordered that Eaton receive a Review Panel reprimand for abandoning the client's case.

Charles Thomas Robertson, II
Woodstock, GA
Attorney Charles Thomas Robertson, II (State Bar No. 609395) filed a Petition for Voluntary Discipline with the Supreme Court. The Court accepted Robertson's petition and ordered that he receive a Review Panel reprimand by Supreme Court Order dated Nov. 22, 1999. Robertson admitted that he employed a lawyer admitted to practice law only in Louisiana. Due to Robertson's failure to properly supervise the Louisiana lawyer's activities, the Louisiana lawyer engaged in conduct that involved the practice of law in Georgia. Robertson was disciplined for assisting another person in the unauthorized practice of law.

Interim Suspension

Under State Bar Disciplinary Rule 4-204.3(d), a lawyer who receives a Notice of Investigation and fails to file an adequate response with the Investigative Panel may be suspended from the practice of law until an adequate response is filed. Since the December 1999 issue three lawyers have been suspended for violating this Rule.

Health Care Auditors pickup 12/99 p75

Summary of Recently Published Trials

Barrow Superior Ct.	Auto Accident - Water Standing on Road - Fatality	$525,000
Bibb Superior Ct.	Van Accident - Loss of Control in Rain - Liability Admitted	$82,250
Clarke Superior Ct.	Fatal One Vehicle Accident - Side Impact with Guardrail	Defense Verdict
Clayton State Ct.	Falldown - Restaurant - Hostess Bumping into Patron	$125,000
Clayton State Ct.	Falldown - Restaurant Parking Lot - Maintenance	$28,700
Cobb State Ct.	Conversion - Bank - Funds in Partnership Account	$236,879
Cobb State Ct.	Defamation - Therapist - Allegation of Molestation	Defense Verdict
Cobb State Ct.	Fraud - Attorney - No License to Practice Law	$165,000
DeKalb State Ct.	Auto Accident - Rear-End - Changing Lanes	$78,000
DeKalb Superior Ct.	Breach of Fiduciary Duty - Physician - Sexual Affair	Defense Verdict
Forsyth Superior Ct.	Products Liability - Ratchet Wrench- Manufacture	Defense Verdict
Fulton State Ct.	Malicious Prosecution - Interference with Custody	Defense Verdict
Fulton State Ct.	Health Care Center - AlzheimerNs Patient - Truck Accident	$1,500,000
Fulton State Ct.	Drowning - Maintenance Worker - Fall from Weir	$400,000
Fulton State Ct.	Auto/Truck Accident - Rear-End - Lane Change	$425,000
Fulton State Ct.	Auto/Truck Accident - Rear-End - Following Too Closely	$80,000
Fulton State Ct.	Assault & Battery - Apartment Tenant - Security	$1,000,000
Fulton State Ct.	Truck/Bus Accident - Left of Center - Passengers Injured	$1,188,000
Fulton Superior Ct.	Auto/Metro Bus Accident - Intersection - Speeding	$20,000
Fulton Superior Ct.	Nuisance - Standing Water on Property - Damage to Building	$125,000
Fulton Superior Ct.	Assault & Battery - Bar Patron - Attacked by Owner	$8,520
Fulton United Ct.	Bank Withdrawal - Debt Satisfaction - Authorization	$6,377
Gwinnett State Ct.	Auto Accident - Rear-End - Interstate	$35,000
Gwinnett State Ct.	Auto Accident - Exiting Shopping Center - Right-of-Way	$98,201
Gwinnett Superior Ct.	Property Damage - Real Estate - Alteration of Water Flow	$40,000
Gwinnett Superior Ct.	Auto Accident - Intersection - Turning	$83,910
Gwinnett Superior Ct.	Auto Accident - Vehicle Stopped at Intersection	$25,000
Hall U.S. District Ct.	Employment - Age/Disability Discrimination - Termination	Defense Verdict
Muscogee Superior Ct.	Auto/Truck Accident - Rear-End - Preexisting Arthritis	$255,000
Spalding State Ct.	Auto Accident - Intersection - Right-of-Way	$22,500

Let us help you settle your case

The Georgia Trial Reporter is the litigator's best source for impartial verdict and settlement information from State, Superior and U.S. District courts.

For 10 years GTR case evaluations have assisted the Georgia legal community in evaluating and settling difficult cases. Our services include customized research with same-day delivery, a fully searchable CD-ROM with 10 years of data and a monthly periodical of recent case summaries. Call 1-888-843-8334.

Wade Copeland, of Webb, Carlock, Copeland, Semler & Stair of Atlanta, says, “Our firm uses The Georgia Trial Reporter's verdict research on a regular basis to assist us in evaluating personal injury cases. We have been extremely pleased with both the results and service and would recommend them to both the plaintiff's and defense bar.”

Retail Store Patron Wins $224,000 Verdict After Being Detained for Shoplifting and Strip Searched

Plaintiff, after shopping at Kmart, was stopped at her vehicle and asked to return to the store. Defendant’s employees violated company policy in requesting the search in which no stolen merchandise was found. *(McPherson v. Kmart; Clayton County Superior Court)*

◆ ◆ ◆

Construction Site Death of a 17 Year-Old Illegal Alien Laborer Results in $472,511 Verdict

Plaintiff’s decedent was working for a subcontractor on a motel construction site when roofing felt rolled off the seven story building and struck decedent. *(Rios v. Coker; U.S. District Court)*

◆ ◆ ◆

Medical Malpractice Results in Reflex Sympathetic Dystrophy, Inability to Use Arm, and a $1,750,000 Verdict

Defendant orthopedist was found liable for failing to treat plaintiff’s work-related injury and interfering with other physicians treatment of it. *(Bentley v. George; Chatham County State Court)*

◆ ◆ ◆

Plaintiff Construction Worker Awarded $2,250,000 Verdict After Falling From Truck and Sustaining Brain Damage

Plaintiff was attempting to climb from the cab of defendant’s vehicle when he fell due to a broken step on the truck. *(Nokes v. Cadogan; DeKalb County State Court)*

◆ ◆ ◆

Plaintiff Deliveryman Falls After Being Frightened by Defendant’s Dog Resulting in Ankle Fracture and $150,000 Verdict

Plaintiff was delivering a pizza to defendant’s residence when defendant’s caged and hidden dog growled causing plaintiff to fall and fracture his ankle. *(Taylor v. Carter; DeKalb County State Court)*

SECTION NEWS

Sixteen Sections held functions during the State Bar's Midyear Meeting. Most groups reported record attendance.

1. Judge Johnny Mason and Brian Spears smiled for the camera at the Individual Rights Law Section gathering. 2. The Workers' Compensation Law Section was addressed by Section Chair Lisa Wade and by 3. State Board of Workers' Compensation Chair Carolyn Hall.4. Senior Lawyers Section attendees included (left to right) Irwin Stolz, Sr., Section Chair John Comer and Sidney O. Smith as well as 5. (left to right) Morris Macey, James Dunlap and Roy Lambert. 6. Lt. Governor Mark Taylor spoke to the Health Law Section group, which included 7. Section Chair Kevin Grady and Former Newsletter Editor Charity Scott. 8. The School & College Law Section enjoyed an informative presentation by Anne Proffitt Dupre, Associate Professor of Law at the University of Georgia School of Law. 9. Jim Thomas of the firm Long, Aldridge & Norman (representing Evander Holyfield) shared some insights with the Entertainment & Sports Law Section during their luncheon meeting. 10. Among the State Bar staff who attended the Midyear Meeting were (left to right) Jennifer Davis, Director of Communications; Dee Dee Worley, Assistant Director of the CCLC; Gayle Baker, Director of Membership; Andre Harrison, Mailroom Coordinator; Bonne Cella, Administrator of the Bar's South Georgia office; Nina Norris, Assistant Director of Membership; and DeAnna Byler, Director of the YLD. Special thanks to all who assisted with the Section functions.

House Ad to be received from GA Bar.

1

2

3

4

5

6

7

8

9

10

Corporate Counsel Section Honors McAlpin

On Dec. 9, 1999, the Corporate Counsel Section honored the man who gave them life — Kirk McAlpin. Twenty years ago, when he was serving as president of the State Bar, McAlpin was a regular visitor at other bar associations, gathering ideas to improve the profession in Georgia. He recalls, "I was at the North Carolina Bar and they had a meeting for their corporate attorneys … who said they felt outside the Bar as if they had no particular place in it." That sentiment caused him to track down his good friend and former partner, Tom Dillon, who was traveling in Houston, Texas. Dillon remembers the phone ringing that June of 1979 at 3 o'clock in the morning.

Dillon chuckles, "Kirk is the kind of guy that when he thinks of something he calls you." McAlpin ran the idea of appointing a Corporate Counsel Committee past his bleary friend. Dillon remembers answering, "Sure I agree with you. But at this time of morning, I'd agree to anything!" And so the roots were planted in the form of a committee which eventually grew to become the Corporate Counsel Section in 1985. Today the Section has almost 1,000 members fulfilling the vision McAlpin had two decades ago to involve corporate lawyers in the Bar association.

To commemorate the beginning of the group, the Section presented McAlpin with a sculptural rendering of the scales of justice handcrafted in hot boron glass by artisans of Atlanta's Fräbel Studio.

The original members of the Corporate Counsel Committee and their then-titles and employers were (committee position appears in parenthesis): Thomas J. Dillon (chair), associate general counsel and assistant secretary, Union Camp Corp.; James W. Callison (co-chair), senior vice president and general counsel, Delta Airlines; Mary A. McCravey (co-chair), secretary, Georgia Pacific Corp.; Richard H. Monk Jr. (co-chair), general counsel, West Point Pepperell; Martin Tom Walsh (secretary), general attorney, Southern Bell Corp.; John Allgood (member) regional counsel, Container Corporation of America; Robert A. Keller (advisor), vice president and general counsel, Coca-Cola Co,; Dennis B. Alexander (advisor), vice president and general counsel, The Branigar Organization; James B. Gilliland (advisor), former vice president and general counsel, Life Insurance Company of Georgia; and Paul D. Hill (advisor), executive vice president, First National Bank.

The honoree Kirk McAlpin (seated) is pictured with the Fräbel sculpture. He is joined by (l-r) former section chair Tom Dillon, current chair Ray Willoch and former chair John Allgood.

Golden Lantern pick up
12/99 p51
"Advertisement" at top

The Lawyers Foundation of Georgia Inc. sponsors activities to promote charitable, scientific and educational purposes for the public, law students and lawyers. Memorial contributions may be sent to the Lawyers Foundation of Georgia Inc., 800 The Hurt Building, 50 Hurt Plaza, Atlanta, Georgia 30303, stating in whose memory they are made. The Foundation will notify the family of the deceased of the gift and the name of the donor. Contributions are tax deductible.

Barton, Robert P. Marietta	Admitted 1963 Died November 1999
Freeman, Jr., Joe C. Atlanta	Admitted 1959 Died December 1999
Hester, Richard M. Lithia Springs	Admitted 1949 Died November 1999
Maniscalco, Nicholas F. Chicago, IL	Admitted 1971 Died November 1999
Miller, Gordon H. Decatur	Admitted 1967 Died December 1999
Neiman, A. R. Savannah	Admitted 1947 Died 1999
Richardson Jr., Willis J. Savannah	Admitted 1950 Died 1999
Stern, Sonya Z. Ann Arbor, MI	Admitted 1979 Died May 1998
Stone, Stephen Joel Atlanta	Admitted 1981 Died Summer 1998
Webb, Kenneth D. Atlanta	Admitted 1971 Died October 1999
White, Thomas H. Osprey, FL	Admitted 1981
Whiteside, Evelyn A. Jasper	Admitted 1948 Died 1998
Williams, George W. Savannah	Admitted 1933 Died November 1999

Memorials and Tributes

A meaningful way to honor a loved one or to commemorate a special occasion is through a tribute and memorial gift to the **Lawyers Foundation of Georgia**. An expression of sympathy or a celebration of a family event that takes the form of a gift to the Lawyers Foundation of Georgia provides a lasting remembrance. Once a gift is received, a written acknowledgement is sent to the contributor, the surviving spouse or other family member, and the *Georgia Bar Journal*. A gift to the Lawyers Foundation of Georgia will endure beyond an individual's lifetime. It can serve to extend a helping hand to the community and those in need for years to come. Please contact the Lawyers Foundation of Georgia for more information. 800 The Hurt Building, 50 Hurt Plaza, Atlanta, GA 30303. 404-526-8617 or laurenb@gabar.org.

LAWYERS FOUNDATION OF GEORGIA

First Publication of Proposed Formal Advisory Opinion No. 98-R7

Pursuant to Rule 4-403 (c) of the Rules and Regulations of the State Bar of Georgia, the Formal Advisory Opinion Board has made a preliminary determination that the following proposed opinion should be issued. State Bar members are invited to file comments to this proposed opinion with the Office of General Counsel of the State Bar of Georgia at the following address:

Office of General Counsel
State Bar of Georgia
800 The Hurt Building
50 Hurt Plaza
Atlanta, Georgia 30303
Attention: John J. Shiptenko

An original and eighteen copies of any comment to the proposed opinion must be filed with the Office of General Counsel by March 15, 2000 in order for the comment to be considered by the Formal Advisory Opinion Board. Any comment to a proposed opinion should make reference to the request number of the proposed opinion. After consideration of comments, the Formal Advisory Opinion Board will make a final determination of whether the opinion should be issued. If the Formal Advisory Opinion Board determines that an opinion should be issued, final drafts of the opinion will be published, and the opinion will be filed with the Supreme Court of Georgia for formal approval.

Proposed Formal Advisory Opinion Request No. 98-R7

QUESTION PRESENTED:

May a Georgia attorney contract with a client for a non-refundable retainer?

SUMMARY ANSWER:

A Georgia attorney may not contract with a client for a non-refundable special retainer. Generally, there are two forms of retainer agreements with clients: general retainers (also known as "true" retainers) and special retainers. It is important to distinguish between these two forms in answering the question presented. A non-refundable special retainer, as opposed to a general retainer, is a contract for specific services by an attorney paid in advance by the client and not refundable to the client regardless of whether the services have been provided. As such a non-refundable special retainer violates Standard 23 obligating an attorney to promptly refund all unearned monies upon withdrawal by the attorney, including withdrawal prompted by the client, and also violates the client's absolute right to terminate a representation without penalty. In addition, in that non-refundable retainers permit payment for services that have not been provided, such retainers necessarily violate Standard 31 prohibiting any "fee in excess of a reasonable fee".

This prohibition on non-refundable special retainers does not prohibit *general* retainers. General retainers are not advance payments for specific services to be provided but are, instead, payment for the availability of an attorney without regard to specific services to be provided. General retainers are a commitment by an attorney to a particular client, thus disqualifying the attorney from representations in conflict with that client, and are fully earned at the time of contracting.

Nor does the prohibition on non-refundable retainers prohibit an attorney from designating by contract points in a representation at which specific advance fees payments will have been earned, so long as this is done in good faith and not as an attempt to penalize a client for termination of the representation or otherwise avoid the requirements of Standard 23. All such fee arrangements are, of course, subject to Standard 31.

OPINION:

In answering the question presented, it is necessary to clearly distinguish between general and special retainers. *General retainers* are agreements providing for the *availability* of an attorney to a client for services without regard to specific services to be provided. General retainers require no future acts by the attorney, only continued availability. By the act of committing himself or herself to be available to the client for future representation, should the need for such arise, and thus disqualifying himself or herself from representations in conflict with this client, the attorney has earned the

monies paid under a general retainer. Clients may recover such fees only upon proof of acts by the attorney inconsistent with the commitment. Specifically, if a client terminates a general retainer, no fees paid for the general retainer need be returned to the client for such fees have been fully earned.

Special retainers are agreements providing for the advance payment of fees for specified services to be provided. *This is true regardless of the manner of determining the amount of the fee or the terminology used to designate the fee, e.g., hourly fee, percentage fee, flat fee, fixed fee, minimum fee, advance fee, or prepaid fee.*

In Formal Advisory Opinion 91-2 (FAO 91-2), we said:

> "Terminology as to the various types of fee arrangements does not alter the fact that the lawyer is a fiduciary. Therefore, the lawyer's duties as to fees should be uniform and governed by the same rules regardless of the particular fee arrangement. Those duties are . . .: 1.)To have a clear understanding with the client as to the details of the fee arrangement prior to undertaking the representation, preferably in writing; 2.)To return to the client any unearned portion of a fee; 3.)To accept the client's dismissal of him or her (with or without cause) without imposing any penalty on the client for the dismissal; 4.)Comply with the provisions of Standard 31 as to reasonableness of the fee."

Also, citing *In the Matter of Collins*, 246 Ga. 325 (1980), we said, in the same Formal Advisory Opinion:

> "The law is well settled that a client can dismiss a lawyer for any reason or for no reason, and the lawyer has a duty to return any unearned portion of the fee."[1]

Non-refundable special retainers, as we have defined them above, would be contracts to violate the ethical duties and law specifically addressed in FAO 91-2. As such they would be in violation of Standard 23[2] and Standard 31 and are not permitted in Georgia. Since FAO 91-2 was issued, the Supreme Court of Georgia has confirmed that non-refundable retainers, *i.e.*, contracts for specific services by an attorney paid in advance by the client and not refundable to the client regardless of whether the services have been provided, are in violation of the client's absolute right to terminate without penalty and, therefore, in violation of the ethical obligations an attorney has as a fiduciary of a client. See, *AFLAC, Inc. v. Williams*, 264 Ga. 351 (1994). In so doing, the Court followed the lead of *Matter of Cooperman*, 83 N.Y. 2d 465 (1994), by specifically referring to the analysis upon which that opinion was based. See, *AFLAC, Inc. v. Williams*, 264 Ga. 351, 353 *fn* 3, *citing* Brickman & Cunningham, Nonrefundable Retainers: Impermissible Under Fiduciary, Statutory, and Contract Law, 57 FORDHAM L. REV. 146, 156-57 (1988) for the proposition that most non-refundable retainers are unethical and illegal.

This ethical and legal prohibition on non-refundable retainers, however, does not prohibit Georgia attorneys from designating by contract, points in the representation at which specific advance fees will have been earned so long as this is done in good faith and not as an attempt to penalize a client for termination of the representation. See, *Fogarty v. State*, 270 Ga. 609 (1999). And, of course, the prohibition described here does not call in to question the use of flat fees, minimum fees, or any other form of special retainer or advance fee payment so long as such fees are not made non-refundable upon withdrawal by the attorney including withdrawal prompted by the client. Finally, there is nothing in this opinion that prohibits an attorney from contracting for large fees for excellent work done quickly. When the contracted for work is done, however quickly it may have been done, the fee is earned and there is no issue as to its non-refundability. There is nothing in the prohibition on non-refundable fees that requires the value of an attorney's services to be measured by the time spent. Instead, all fee arrangements are subject to Standard 31, which provides that the reasonableness of a fee shall be determined as follows:

A fee is clearly excessive when, after a review of the facts, a lawyer of ordinary prudence would be left with a definite and firm conviction that the fee is in excess of a reasonable fee. Factors to be considered as guides in determining the reasonableness of a fee include the following:

(1) The time and labor required, the novelty and difficulty of the questions involved, and the skill requisite to perform the legal service properly.
(2) The likelihood, if apparent to the client, that the acceptance of the particular employment will preclude other employment by the lawyer.
(3) The fee customarily charged in the locality for similar legal services.
(4) The amount involved and the results obtained.
(5) The time limitations imposed by the client or by the circumstances.
(6) The nature and length of the professional relationship with the client.
(7) The experience, reputation, and ability of the lawyer or lawyers performing the services.
(8) Whether the fee is fixed or contingent.

Endnotes

1. Georgia Formal Advisory Opinion 91-2
2. See also, ABA Model Rule of Professional Conduct 1.16(d), "Upon termination of representation, a lawyer shall take steps to the extent reasonably practicable to protect a client's interests, such as . . . refunding any advance payment of fees that has not been earned." Georgia is now in the process of considering adoption of a version of the ABA Model Rules of Professional Conduct including Model Rule 1.16(d). As noted in this Opinion Model Rule 1.16(d) is consistent with the current ethical obligations of Georgia lawyers.

CLE/Ethics/Professionalism/Trial Practice

March 2000

2
CHATTANOOGA BAR ASSOCIATION
EEO Basics
Chattanooga, TN
4.0/0.0/0.0/0.0

15
CHATTANOOGA BAR ASSOCIATION
Limited Liability Entities
Chattanooga, TN
4.0/0.0/0.0/0.0

21
NATIONAL BUSINESS INSTITUTE
Medical Malpractice in Georgia
Atlanta, GA
6.0/0.5/0.0/0.0

NATIONAL BUSINESS INSTITUTE
Mechanics' Lien Law & Strategies in Georgia
Atlanta, GA
6.0/0.5/0.0/0.0

AMERICAN ARBITRATION ASSOCIATION
Effective Employment Conflict Management
Atlanta, GA
2.0/0.0/0.0/0.0

23
SOUTHEASTERN BANKRUPTCY LAW INSTITUTE
26th Annual Seminar on Bankruptcy Law & Rules
Atlanta, GA
14.0/1.0/1.0/3.0

24
GEORGIA INDIGENT DEFENSE COUNCIL
Statewide Criminal Defense Training (Advanced)
Savannah, GA
6.0/0.0/0.0/4.0

LORMAN BUSINESS CENTER, INC.
Internal Investigations Employment Issues
Savannah, GA
6.0/0.0/0.0/0.0

28
NATIONAL BUSINESS INSTITUTE
Family Law Litigation in GA
Atlanta, GA
6.0/0.5/0.0/5.5

29
AMERICAN ARBITRATION ASSOCIATION
Effective Construction Conflict Management
Atlanta, GA
2.0/0.0/0.0/0.0

LORMAN BUSINESS CENTER
Recent Developments in Georgia Insurance Law
Atlanta, GA
6.0/0.0/0.0/0.0

30
AMERICAN ARBITRATION ASSOCIATION
Commercial Arbitration Training
Atlanta, GA
5.5/1.3/0.0/3.0

31
LORMAN BUSINESS CENTER
Return to Work Issues in Workers' Comp. in GA
Macon, GA
6.0/0.0/0.0/0.0

April 2000

6
NATIONAL BUSINESS INSTITUTE
GA Foreclosure & Related Bankruptcy & Title Issues
Atlanta, GA
6.0/0.5/0.0/0.0

CHATTANOOGA BAR ASSOCIATION
Health Plans, HIPAA & COBRA Update
Chattanooga, TN
4.0/0.0/0.0/0.0

7
LORMAN BUSINESS CENTER
Workers' Comp. in GA
Athens, GA
6.0/0.0/0.0/0.0

12
CHATTANOOGA BAR ASSOCIATION
Copyright & Trademark Law for Nonspecialist: Understanding the Basics
Chattanooga, TN
7.0/0.0/0.0/0.0

18
NATIONAL BUSINESS INSTITUTE
Bad Faith Litigation in GA
Atlanta, GA
6.0/0.5/0.0/0.0

19
CHATTANOOGA BAR ASSOCIATION
Annual Spring Employee Benefits Law & Practice Update
Chattanooga, TN
4.0/0.0/0.0/0.0

LORMAN BUSINESS CENTER, INC.
Covenants Not to Compete
Atlanta, GA
3.8/0.0/0.0/0.0

26
CHATTANOOGA TAX PRACTITIONERS
Offshore Trusts
Chattanooga, TN
1.0/0.0/0.0/0.0

27
LORMAN BUSINESS CENTER, INC.
Employment & Labor Law in GA
Albany, GA
6.0/0.0/0.0/0.0

28
LORMAN BUSINESS CENTER, INC.
Workers' Comp. in GA
Atlanta, GA
6.0/0.0/0.0/0.0

May 2000

8
EMORY UNIVERSITY SCHOOL OF LAW
Kessler-Eidson Trial Techniques Program Atlanta, GA
24.0/3.0/0.0/24.0

17
CHATTANOOGA BAR ASSOCIATION
Health Law Update
Chattanooga, TN
4.0/0.0/0.0/0.0

CHATTANOOGA TAX PRACTITIONERS
IRAs & Charitable Giving
Chattanooga, TN
1.0/0.0/0.0/0.0

20
THE AMERICAN BAR ASSOCIATION
14th Annual Family Law Advocacy Institute
Houston, TX
48.3/1.0/0.0/0.0

26
GA INDIGENT DEF. COUNCIL
Statewide Criminal Defense Training (Basic)
Dalton, GA
6.0/0.0/0.0/4.0

Board of Governors Meeting Attendance

3-99 Macon	4-99 Lanier	6-99(Fri) Savannah	6-99(Sat) Savannah	8/99 Amelia	11-99 Brasstown	
•	•	•		•	•	Ross Adams
•	•	•	•	•	•	Anthony B. Askew
•	•	•	•	•	•	William Steven Askew
•					•	Thurbert E. Baker
•		•	•	•	•	Donna Barwick
•			•	•	•	William D. Barwick
•	•	•	•		•	Robert L. Beard, Jr.
n/a	n/a	n/a	•		•	J. Lane Bearden
				•	•	James D. Benefield III
•	•	•	•		•	Barbara B. Bishop
•			•	•		Joseph A. Boone
•	•	•	•	•		Wayne B. Bradley
•	•	•	•	•	•	Jeffrey O. Bramlett
•		•	•		•	Sam L. Brannen
•	•			•	•	James C. Brim, Jr.
n/a	n/a	n/a	•	•	•	William K. Broker
				•	•	James Michael Brown
	•		•	•		Thomas R. Burnside, Jr.
n/a	n/a	n/a	•		•	S. Kendall Butterworth
•	•	•	•	•	•	William E. Cannon, Jr.
•	•	•	•	•	•	Edward E. Carriere, Jr.
		•	•	•	•	Paul Todd Carroll, III
•	•	•	•	•	•	Bryan M. Cavan
•	•	•	•	•	•	Thomas C. Chambers, III
				•	•	F. L. Champion, Jr.
•		•	•	•	•	John A. Chandler
•	•	•	•		•	Joseph D. Cooley, III
	•	•	•	•	•	Delia T. Crouch
•	•	•	•		•	William D. Cunningham
	•	•	•	•	•	William V. Custer, IV
•	•	•	•	•		David P. Darden
	•	•	•	•	•	Dwight J. Davis
•	•	•	•	•	•	Joseph W. Dent
•	•	•	•	•	•	Ernest De Pascale, Jr.
•	•			•	•	Foy R. Devine
•	•	•	•	•	•	Charles J. Driebe
•	•	•	•	•		C. Wilson DuBose
•	•	•	•	•	•	James B. Durham
•	•	•	•	•	•	Myles E. Eastwood
	•	•	•	•		Gerald M. Edenfield
		•				J. Franklin Edenfield
•	•	•	•	•	•	O. Wayne Ellerbee
•	•			•	•	Michael V. Elsberry
•	•	•		•	•	J. Daniel Falligant
•	•	•	•	•	•	B. Lawrence Fowler
	•	•	•	•	•	James B. Franklin
•	•	•		•	•	Gregory L. Fullerton
•		•	•	•		Gregory A. Futch
•	•		•	•		H. Emily George
•	•	•	•	•	•	Adele P. Grubbs
n/a	n/a	n/a	•	•	•	Robert R. Gunn, II
		•	•	•	•	John P. Harrington
•	•		•	•	•	Walter C. Hartridge
n/a	n/a	n/a	•	•		Steven A. Hathorn
•	•	•	•	•	•	James A. Hawkins
•	•	•	•	•	•	Joseph J. Hennesy, Jr.
	•	•	•	•	•	Phyllis J. Holmen
•		•	•			Roy B. Huff
•		•	•		•	Donald W. Huskins
•	•	•	•	•	•	Robert D. Ingram
•	•	•	•	•	•	James Irvin
		•	•	•	•	Rachel K. Iverson
•		•	•	•		Michael R. Jones, Sr.
•		•	•	•	•	William Alan Jordan
n/a	n/a	n/a	•	•	•	J. Benjamin Kay, III
n/a	n/a	n/a	•	•		Dow (Kip) N. Kirkpatrick
	•	•	•	•		William P. Langdale, Jr.
e	e	e	•	•	e	Earle F. Lasseter
	•		•	•		J. Alvin Leaphart
•	•			•	•	Francis Marion Lewis
•	•	•	•	•	•	David S. Lipscomb

3-99 Macon	4-99 Lanier	6-99(Fri) Savannah	6-99(Sat) Savannah	8/99 Amelia	11-99 Brasstown	
•		•	•	•	•	Hubert C. Lovein
•	•	•	•	•	•	Leland M. Malchow
n/a	n/a	n/a	•	•	•	Edwin Marger
•	•	•	•	•	•	H. Fielder Martin
•	•	•	•	•	•	C. Truitt Martin, Jr.
n/a	n/a	n/a	•	•	•	Johnny W. Mason, Jr.
•	•			•		William C. McCalley
•	•	•	•	•	•	William C. McCracken
•	•	•	•	•		Ellen McElyea
•	•		•	•		Joseph Dennis McGovern
•	•		•		•	Larry M. Melnick
•	•			•	•	C. Patrick Milford
•	•		•	•		J. Brown Moseley
		•	•	•		A. L. Mullins
•	•	•	•	•	•	George E. Mundy
•	•	•	•	•	•	Aasia Mustakeem
•			•			John A. Nix
•	•	•	•	•	•	Dennis C. O'Brien
	•	•	•		•	Bonnie C. Oliver
•	•	•	•	•	•	Rudolph N. Patterson
	•				•	Matthew H. Patton
	•		•		•	Carson Dane Perkins
•	•			•		Patrise Perkins-Hooker
	•	•	•	•	•	J. Robert Persons
•	•		•	•	•	R. Chris Phelps
•	•		•	•		John C. Pridgen
•	•		•	•	•	Thomas J. Ratcliffe, Jr.
	•	•	•	•	•	George Robert Reinhardt
	•		•		•	Jeffrey P. Richards
n/a	n/a	n/a	•	•	•	Robert V. Rodatus
•	•	•	•		•	Tina Shadix Roddenbery
•		•	•	•	•	Joseph Roseborough
•		•	•		•	William C. Rumer
n/a	n/a	n/a	•	•	•	Dennis C. Sanders
•	•	•	•		•	Thomas G. Sampson
n/a	n/a	n/a	•	•	•	Robert L. Shannon, Jr.
•	•	•	•	•	•	Michael M. Sheffield
n/a	n/a	n/a	•	•	•	Kenneth L. Shigley
	•	•	•	•	•	M.T. Simmons, Jr.
•	•	•	•	•	•	Lamar W. Sizemore, Jr.
•	•		•	•	•	William L. Skinner
n/a	n/a	n/a	•	•	•	Philip C. Smith
•	•	•	•			R. Rucker Smith
•	•	•	•		•	S. David Smith
n/a	n/a	n/a	n/a	•	•	Hugh D. Sosebee
	e	•	•	•	•	Huey Spearman
•	•		•	•	•	Lawrence A. Stagg
•	•			•	•	John Stell
•	•		•			Frank B. Strickland
•			•		•	Richard C. Sutton
•		•	•	•		Jeffrey B. Talley
•	•	•	•	•	•	John J. Tarleton
•		•	•	•	•	S. Lester Tate, III
		•	•	•	•	Henry C. Tharpe, Jr.
	•	•	•	•	•	Dwight L. Thomas
					•	Edward D. Tolley
	•	•	•	•	•	Christopher A. Townley
	•			•	•	Carl A. Veline, Jr.
•				•	•	Joseph L. Waldrep
•	•	•	•		•	J. Henry Walker
						J. Tracy Ward
						George W. Weaver
•	•	•	•	•	•	N. Harvey Weitz
	•			•		A. J. Welch
•		•	•		•	Andrew J. Whalen, III
•		•		•	•	James L. Wiggins
•	•				•	Wiliam N. Withrow, Jr.
	•			•	•	Gerald P. Word
•	•	•	•	•	•	Anne Workman
•	•	•			•	Gordon R. Zeese
	•				•	Marvin H. Zion

• - attended; **e** - excused; **blank-** did not attend; **n/a** - not on Board; For a list of the Board of Governors by circuit, see the Directory pg. 9.

LAWYER ASSISTANCE PROGRAM

Alcohol/Drug Abuse and Mental Health Hotline

If you are a lawyer and have a personal problem that is causing you significant concern, the Lawyer Assistance Program (LAP) can help. Please feel free to call the LAP directly at (800) 327-9631 or one of the volunteer lawyers listed below. All calls are confidential. We simply want to help you.

Area	Committee Contact	Phone
Albany	H. Stewart Brown	(912) 432-1131
Athens	Ross McConnell	(706) 359-7760
Atlanta	Melissa McMorries	(404) 522-4700
Florida	Patrick Reily	(850) 267-1192
Atlanta	Henry Troutman	(770) 980-0690
Atlanta	Brad Marsh	(404) 876-2700
Atlanta/Decatur	Ed Furr	(404) 231-5991
Atlanta/Jonesboro	Charles Driebe	(404) 355-5488
Cornelia	Steven C. Adams	(706) 778-8600
Fayetteville	Glen Howell	(770) 460-5250
Hazelhurst	Luman Earle	(912) 375-5620
Macon	Bob Daniel	(912) 741-0072
Macon	Bob Berlin	(912) 745-7931
Norcross	Phil McCurdy	(770) 662-0760
Rome	Bob Henry	(706) 234-9442
Savannah	Tom Edenfield	(912) 234-1568
Valdosta	John Bennett	(912) 242-0314
Waycross	Judge Ben Smith	(912) 285-8040
Waynesboro	Jerry Daniel	(706) 554-5522

House ad from GA Bar

House ad from GA Bar

Classifieds

Employment: Attorneys

ATTORNEY JOBS. The nation's #1 job-hunting bulletin for attorneys is now exclusively online at: *AttorneyJobsOnline.com*. Subscribe online or call us on (800) 296-9611. Extensive Web site provides thousands of attorney and law-related jobs nationwide and abroad at all levels of experience in public (Federal, state and local), private and nonprofit sectors, plus legal career transition advice and information in our content-rich Legal Career Center. Quality counts. Sponsored by West Group.

INTERNATIONAL LEGAL REFORM. The American Bar Association Central and East European Law Initiative (CEELI) seeks experienced attorneys to work on criminal, environmental, commercial and/or civil law reform projects in Central and Eastern Europe and the former Soviet Union. Support includes all housing, transportation and living expenses. Call (800) 982-3354 for an application.

Books/Office Furniture/ Equipment & Videos

THE LAWBOOK EXCHANGE LTD. buys, sells and appraises all major law book sets—state and federal. For the best prices, top quality and guaranteed satisfaction, call toll free (800) 422-6686 for free information. MasterCard, Visa and American Express accepted. *http://www.lawbookexchange.com*

WILLIAM S. HEIN COMPANY. More than 70 years later, still your #1 source for buying/selling lawbooks. 50%-70% savings on major sets, International Law, Rare/Antiquarian law. Appraisal services available. Call (800) 496-4346. Fax (716) 883-5595. *Web site: www.wshein.com/used-books*

DUMMY TELLS ALL I & II. Admissible & indisputable visual evidence that injuries occur in low-impact, rear-end auto crashes. *www.legalevidence.com.* Free demo (520) 798-6462. Fax (520) 498-0281.

Office Space

LAW OFFICE SPACE AVAILABLE on North Druid Hills Road near I-85 and Georgia 400. Experienced attorney offers economical expense sharing, library, receptionist, fax, copier and some referral work. Call (404) 321-7733.

Services

FREE REFERRALS. Legal Club of America seeks attorneys to receive new clients. Must be licensed and maintain professional liability insurance. There is no cost to participate; however, attorneys must follow a discounted fee schedule. All law areas needed. Not an insurance program. Call (800) 305-6816, *E-mail: carmen@legalclub.com* or visit *www.legalclub.com* for information.

SHIFT GEARS IN YOUR PRACTICE. The University of Missouri — Columbia Law School offers a Master of Laws (LL.M.) in Dispute Resolution to immerse law-trained practitioners in the theoretical, policy, design and ethical issues of ADR. Gain problem-solving skills to serve your clients in the 21st century. Visit our Web site at *www.law.missouri.edu/~llmdr/* or call (573) 882-2020.

WAS YOUR CLIENT INJURED OR ARRESTED IN LAS VEGAS? Call Craig P. Kenny & Associates, a law firm that is committed to the client, practicing primarily in the areas of personal injury, workers' compensation, medical malpractice and criminal defense. Experienced trial attorneys. Call Craig toll free (888) 275-3369 or *CPKnASSOCS@AOL.COM*.

Advertising Index

AAA Attorney Referral	79
ANLIR	41
Arthur Anthony	84
Dan Turner Builders	81
Garrett Group	83
Golden Lantern	90
Health Care Auditors	86
Henning Mediation	21
Insurance Specialists	46, 21
Lexis Law	85
Lexis Nexis	4
Mainstreet	36
Martindale-Hubbell	73
Morningstar Technologies	13
National Legal Research	46
Nextel	99
North Georgia Mediation	83
South Georgia Mediation	47
West Group	2, 37, 72, Back Cover

Law Matters: Engaging Youth to Learn, Serve and Lead

The 21st Law-Related Education (LRE) Conference
sponsored by the ABA Division for Public Education
Atlanta, Georgia April 3-5, 2000
Renaissance Hotel Downtown

Join us for new perspectives, stimulating conversations, and opportunities to meet and network with legal, educational, and community-based colleagues from around the country. Featured panels will address such topics as civic education in the schools and the community, new strategies to engage youth in discussions of law and public policy, and a special session on law and equality in the 20th century. Workshop tracks include curriculum and teacher development, juvenile justice, community education, and civic participation.

For further information, check the conference Web site at www.abanet.org/publiced/lreconf00.html or contact Hannah Leiterman at the ABA at (312) 988-5736 or by e-mail at leitermh@staff.abanet.org.

Nextel, pickup 12/99 page 86 fullpage BW

west 4/c pickup june 99 difference of opinion