

# TABLE OF CONTENTS

## CHAPTER 1

### Introduction and Overview

§ 1.01	The Broad Range of Technology Companies . . . . .	1-1
§ 1.02	The Scope of Legal, Business and Financial Issues . . .	1-3
§ 1.03	Terminology and Terms of Art . . . . .	1-4
§ 1.04	Industry Volatility . . . . .	1-5
§ 1.05	The Internet . . . . .	1-6

## CHAPTER 2

### Entity Selection and Financing Issues for Early-Stage Ventures

§ 2.01	Overview . . . . .	2-3
§ 2.02	Selecting the Right Legal Entity . . . . .	2-4
	[1] Overview . . . . .	2-4
	[2] Structural Alternatives . . . . .	2-4
	[3] Considerations Regarding Tax Treatment and Liability . . . . .	2-4
	[4] Putting It All Together . . . . .	2-5
§ 2.03	Financing Alternatives . . . . .	2-7
	[1] Stages of Financing . . . . .	2-7
	[a] Seed Round . . . . .	2-7
	[b] Series A Financing . . . . .	2-8
	[c] Subsequent Round Financing . . . . .	2-9
	[d] Initial Public Offering . . . . .	2-9
	[2] Obtaining Funds; Selected Sources . . . . .	2-10
	[a] Small Business Administration . . . . .	2-10
	[b] Small/Private Offerings . . . . .	2-12
	[c] Venture Capital . . . . .	2-13
	[3] Importance of an Introduction . . . . .	2-14
§ 2.04	Executive Summaries and Business Plans . . . . .	2-15
	[1] How to Prepare an Effective Executive Summary . . . . .	2-15
	[2] How to Prepare an Effective Business Plan . . .	2-16
§ 2.05	Valuation Issues . . . . .	2-18

§ 2.06	Financing Term Sheets . . . . .	2-20
	[1] Overview . . . . .	2-20
	[2] Negotiation . . . . .	2-20
	[3] Term Sheet Components . . . . .	2-21
§ 2.07	Venture Capital Term Sheets . . . . .	2-22
	[1] Overview . . . . .	2-22
	[2] Checklist . . . . .	2-22
§ 2.08	Importance of the Management Team . . . . .	2-31
§ 2.09	Negotiating Definitive Agreements . . . . .	2-32
	[1] Selected Purchase Agreement	
	Considerations. . . . .	2-32
	[a] Parties . . . . .	2-32
	[b] Securities Issued . . . . .	2-32
	[c] Representations and Warranties . . . . .	2-32
	[d] Conditions Precedent . . . . .	2-33
	[e] Affirmative Covenants . . . . .	2-33
	[f] Negative Covenants . . . . .	2-34
	[g] Registration Rights . . . . .	2-34
	[i] Types of Registration Rights . . . . .	2-34
	[ii] Requests for Registration . . . . .	2-34
	[iii] Registration Expenses . . . . .	2-35
	[iv] Limited Market Capacity . . . . .	2-35
	[v] Piggyback Registration Rights . . . . .	2-36
	[vi] Offering Procedures . . . . .	2-36
	[vii] Transfer of Registration Rights . . . . .	2-36
	[h] Other Considerations . . . . .	2-37
	[2] Selected Stockholder Agreement	
	Considerations. . . . .	2-37
	[a] Vesting . . . . .	2-37
	[b] Limits on Transferability . . . . .	2-37
	[c] Repurchase of Shares . . . . .	2-38
	[d] Consent to and Cooperation with Sale of the Company . . . . .	2-38
	[e] Spousal Acknowledgment . . . . .	2-39
	[3] Restated Certificate of Incorporation. . . . .	2-39
	[a] Dividends . . . . .	2-39
	[b] Liquidation Preference . . . . .	2-40
	[c] Issuer Redemption Rights . . . . .	2-41
	[d] Other Rights . . . . .	2-41
	[i] Voting. . . . .	2-41
	[ii] Conversion . . . . .	2-42
	[iii] Right of First Refusal . . . . .	2-42
§ 2.10	<i>Form: Short-Form Subscription Agreement (Issuer Favorable)</i> . . . . .	2-43
§ 2.11	<i>Form: Convertible Preferred Stock Subscription Agreement (Investor Favorable)</i> . . . . .	2-45
§ 2.12	<i>Form: Investor Rights Agreement (Investor Favorable)</i> . . . . .	2-57

## TABLE OF CONTENTS

vii

§ 2.13	<i>Form: Right of First Refusal and Co-Sale Agreement (Issuer Favorable).</i> . . . . .	2-72
§ 2.14	<i>Form: Restated Certificate of Incorporation—Delaware (Pro-Investor)</i> . . . . .	2-74.5
§ 2.15	<i>Form: Technology Company Pre-Investment Checklist</i> . . . . .	2-86
§ 2.16	<i>Form: Outline for Technology Company Financing Proposal</i> . . . . .	2-89
§ 2.17	<i>Form: Early Stage Company Financing Presentation Checklist</i> . . . . .	2-92
§ 2.18	<i>Form: Financing Term Sheet: Convertible Preferred Equity</i> . . . . .	2-95
§ 2.19	<i>Form: Angel Investor Commitment Letter for a Roll-Up Business</i> . . . . .	2-104

## CHAPTER 3

### Confidentiality and Nondisclosure Agreements

§ 3.01	Introduction . . . . .	3-2
§ 3.02	Protecting Confidential Information . . . . .	3-4
	[1] Uniform Trade Secrets Act . . . . .	3-5
	[2] Economic Espionage Act . . . . .	3-8
§ 3.03	Enforceability of Nondisclosure Agreements . . . . .	3-10
	[1] Overview . . . . .	3-10
	[2] Protectable Information Risk . . . . .	3-10
	[3] Temporal and Geographic Scope Risk . . . . .	3-12
	[4] Statutory Preemption Risk . . . . .	3-13
	[5] Discovery Risk . . . . .	3-13
	[6] Antitrust Risk . . . . .	3-14
	[7] Nondisclosure Agreements in the Telecommunications Industry . . . . .	3-14
§ 3.04	Selected Drafting Guidelines . . . . .	3-15
	[1] Enforceability Considerations . . . . .	3-15
	[a] Scope . . . . .	3-15
	[b] Treatment of Confidential Information . . . . .	3-16
	[c] Temporal Duration and Geographic Scope . . . . .	3-16
	[d] Mandatory Disclosure . . . . .	3-16
	[e] Return or Destruction of Confidential Information . . . . .	3-17
	[2] Other General Drafting Considerations . . . . .	3-17
	[a] No License . . . . .	3-17
	[b] No Restriction on Normal Business Activities . . . . .	3-17
	[c] Assignment . . . . .	3-18
	[d] Severability . . . . .	3-18
	[e] Injunctive Relief . . . . .	3-18

	[f] No Press Releases or Other Public Statements . . . . .	3-18
	[g] Choice of Law . . . . .	3-18
	[h] Additional Measures That Might Be Applicable in Certain Contexts . . . .	3-19
§ 3.05	<i>Form</i> : Negotiated Proposed Transaction Nondisclosure Letter Agreement (Target Company Favorable) . . . . .	3-20
§ 3.06	<i>Form</i> : Mutual Nondisclosure Agreement . . . . .	3-24
§ 3.07	<i>Form</i> : Service Provider Nondisclosure Agreement (Company Favorable) . . . . .	3-28
§ 3.08	<i>Form</i> : Antitrust Related Guidance for Nondisclosure Agreements . . . . .	3-32

## CHAPTER 4

### Term Sheets and Letters of Intent

§ 4.01	Introduction . . . . .	4-2
§ 4.02	Foundational Questions . . . . .	4-3
§ 4.03	Term Sheets . . . . .	4-7
	[1] Definition . . . . .	4-7
	[2] Purpose . . . . .	4-7
	[3] When to Use Term Sheets . . . . .	4-7
§ 4.04	Letters of Intent . . . . .	4-9
	[1] Definition . . . . .	4-9
	[2] Purpose . . . . .	4-9
	[3] When to Use . . . . .	4-10
	[4] Potential Advantages . . . . .	4-11
	[5] Potential Disadvantages . . . . .	4-11
	[6] Binding, Nonbinding, and Binding-in-Part Letters of Intent . . . . .	4-13
§ 4.05	Selected Legal Considerations . . . . .	4-14
	[1] Introduction . . . . .	4-14
	[2] Risks . . . . .	4-15
	[a] A Benchmark Case . . . . .	4-15
	[b] The “Four Factor” Test . . . . .	4-16
	[c] A More Recent Decision . . . . .	4-17
	[d] The Importance of Clarity . . . . .	4-18
§ 4.06	<i>Guidelines</i> : Letters of Intent . . . . .	4-20
§ 4.07	<i>Workform</i> : Term Sheets and Letters of Intent . . . . .	4-24
§ 4.08	<i>Form</i> : Letter of Intent: Joint Venture . . . . .	4-28
§ 4.09	<i>Form</i> : Term Sheet: Joint Venture . . . . .	4-34
§ 4.10	<i>Form</i> : Letter of Intent—Share Acquisition (Short Form) . . . . .	4-39
§ 4.11	<i>Form</i> : Post-Letter of Intent or Term Sheet Due Diligence Request List . . . . .	4-46
§ 4.12	<i>Checklist</i> : Post-Letter of Intent or Term Sheet Due Diligence (Short Form) . . . . .	4-58

**CHAPTER 5****Joint Ventures and Strategic Partnering**

§ 5.01	Introduction . . . . .	5-3
§ 5.02	Development and Manufacturing Joint Ventures . . . . .	5-5
	[1] Overview . . . . .	5-5
	[2] Technology Considerations . . . . .	5-5
	[a] Intellectual Property Rights . . . . .	5-5
	[b] “Base” Technology Licenses . . . . .	5-6
	[3] Engineering Changes . . . . .	5-7
	[4] Rights of First Refusal . . . . .	5-8
	[5] Initial Fees and Minimum Commitments . . . . .	5-9
	[6] Ordering Protocols . . . . .	5-9
	[7] Foreign Exchange Risk . . . . .	5-10
	[8] Product Promotion and Training . . . . .	5-11
	[9] Defective Products . . . . .	5-12
	[10] Warranty . . . . .	5-13
	[11] Government Contracts . . . . .	5-13
§ 5.03	Combined Software and Services Ventures . . . . .	5-15
	[1] Overview . . . . .	5-15
	[2] Order Details, Customer Data and Other Basic Information . . . . .	5-15
	[3] Description of Software Licensed . . . . .	5-15
	[4] Defining Limits of “Use” of Software . . . . .	5-15
	[5] Software License Restrictions . . . . .	5-16
	[6] Confidentiality . . . . .	5-16
	[7] Description of Services to Be Provided . . . . .	5-16
	[8] Alternative Provisions . . . . .	5-17
	[a] Acceptance Period . . . . .	5-17
	[b] Continuing Negotiations . . . . .	5-17
	[c] Exchange Option . . . . .	5-18
	[d] Financing . . . . .	5-18
	[e] Future Products . . . . .	5-19
	[f] Home Use . . . . .	5-19
	[g] Product Plans . . . . .	5-19
	[h] Related Entity . . . . .	5-19
§ 5.04	Co-Marketing . . . . .	5-21
§ 5.05	Explanation of Selected Software Marketing Services Agreement Provisions . . . . .	5-23
	[1] Finder’s Fee . . . . .	5-23
	[2] Development Incentives . . . . .	5-23
	[3] Recoupment . . . . .	5-24
	[4] Pricing . . . . .	5-25
	[5] Distribution Restrictions . . . . .	5-26
	[6] Exclusivity . . . . .	5-26
	[7] Support Obligations . . . . .	5-27
	[8] The Software License Agreement . . . . .	5-27

§ 5.06	Explanation of Selected JTDTA Provisions . . . . .	5-28
	[1] Defining the Technology . . . . .	5-28
	[2] Project Management . . . . .	5-29
	[3] Antitrust Considerations . . . . .	5-30
	[4] Potentially Conflicting Arrangements . . . . .	5-30
	[a] Governmental Restrictions . . . . .	5-30
	[b] Cross-License . . . . .	5-31
§ 5.06A	International Sales and Licensing . . . . .	5-32
	[1] Overview . . . . .	5-32
	[2] Selecting Foreign Distributors and Licensees . . . . .	5-33
	[3] Legal Requirements . . . . .	5-33
	[4] Sources of Information . . . . .	5-34
	[5] Record-Keeping and Disclosure . . . . .	5-35
	[6] International Tax Implications . . . . .	5-35
	[7] Executing Agreements . . . . .	5-36
	[8] Continuing Economic Incentives . . . . .	5-37
	[9] Protecting Intellectual Property Rights . . . . .	5-37
	[10] Relationship and Contract Compliance Monitoring . . . . .	5-38
§ 5.06B	Subcontractors and Tooling . . . . .	5-39
	[1] Overview . . . . .	5-39
	[2] Back-Up Tooling . . . . .	5-40
	[3] “Tooling-as-Hostage” . . . . .	5-40
§ 5.07	<i>Form:</i> Software License, Implementation and Support Agreement . . . . .	5-43
§ 5.08	<i>Form:</i> Software License and Development Agreement . . . . .	5-72
§ 5.09	<i>Form:</i> Software Marketing Agreement (Short Form) . . . . .	5-84
§ 5.10	<i>Form:</i> Software Marketing Agreement (Long Form) . . . . .	5-90
§ 5.11	<i>Form:</i> Joint IPR Development Agreement . . . . .	5-118
§ 5.12	<i>Form:</i> Hardware Distribution Agreement . . . . .	5-137
§ 5.13	<i>Form:</i> Joint Venture Partners Exclusive License Agreement . . . . .	5-162
§ 5.14	<i>Form:</i> IT Equipment Distributor Screening Questionnaire . . . . .	5-188
§ 5.15	<i>Form:</i> Electronic Joint Venture Agreement . . . . .	5-193
§ 5.16	<i>Checklist:</i> IPR Joint Venture Agreements . . . . .	5-214.14
§ 5.17	<i>Form:</i> Tooling Agreement (Short Form) . . . . .	5-214.22
§ 5.18	<i>Form:</i> Hardware/Software Reseller Agreement . . . . .	5-215
§ 5.18A	<i>Form:</i> Internet Reseller Agreement . . . . .	5-226
§ 5.19	<i>Form:</i> License and Supply Agreement (Semiconductors) . . . . .	5-231
§ 5.20	<i>Form:</i> Relationship Agreement . . . . .	5-257
§ 5.21	<i>Form:</i> Medical Device Distribution Agreement . . . . .	5-265

## CHAPTER 6

## Selected Business Contracts

§ 6.01	Introduction . . . . .	6-3
§ 6.02	Software Licensing . . . . .	6-4
	[1] Modifications to Source Code . . . . .	6-4
	[2] Work Product . . . . .	6-4
	[3] License Restrictions . . . . .	6-5
	[4] Customer Remedies; Exhibits . . . . .	6-6
§ 6.03	<i>Form</i> : End User Software License Agreement . . . . .	6-7
§ 6.04	Work-for-Hire Agreement . . . . .	6-21
	[1] Title . . . . .	6-22
	[2] Indemnification and Limitations . . . . .	6-22
	[3] Statement of Work . . . . .	6-23
§ 6.05	<i>Form</i> : Work-for-Hire Agreement . . . . .	6-24
§ 6.06	<i>Form</i> : Source Code License Agreement . . . . .	6-24.5
§ 6.07	<i>Form</i> : Outsourced Software Programming Agreement (Vendor-Favorable) . . . . .	6-31
§ 6.08	<i>Form</i> : Outsourced Software Programming Contract (Client-Favorable) . . . . .	6-40
§ 6.09	<i>Form</i> : Software Licensing and Support Services Checklist . . . . .	6-62
§ 6.10	Internet Hosting and Transaction Services Agreement . . . . .	6-71
	[1] Services Offered by ISPs . . . . .	6-71
	[a] Hosting . . . . .	6-71
	[b] Bandwidth . . . . .	6-71
	[c] Client-User Services . . . . .	6-71
	[i] Access; Technologies . . . . .	6-71
	[ii] E-Mail . . . . .	6-72
	[iii] Monitoring Services . . . . .	6-72
	[iv] File Transfer Protocol . . . . .	6-72
	[v] Intranet Interface . . . . .	6-73
	[d] Transaction Services . . . . .	6-73
	[e] Other Services . . . . .	6-73
	[2] Related Contract Terms and Liability-Minimizing Steps . . . . .	6-73
	[a] One Form; Many Services . . . . .	6-73
	[b] Software License . . . . .	6-74
	[i] Browser Software . . . . .	6-74
	[ii] “Content-Creating” Software . . . . .	6-74
	[iii] Runtime Code License . . . . .	6-74
	[iv] Software Performance . . . . .	6-75
	[c] Representations, Warranties, Indemnification, Editorial Controls and Policy . . . . .	6-75
	[i] Infringement . . . . .	6-75

	[ii]	A Note on “Links” and “Frames” .....	6-75
	[iii]	Defamation .....	6-76
	[iv]	Suggestions .....	6-76
	[v]	Export Controls .....	6-77
	[vi]	Product Delivery .....	6-77
	[vii]	Viruses .....	6-77
	[viii]	Indemnification Caps .....	6-78
	[ix]	Intellectual Property Ownership .....	6-78
	[d]	Payment .....	6-78
	[e]	United States Government Restricted Rights .....	6-79
	[f]	Technical Requirements .....	6-79
	[i]	System Hardware .....	6-79
	[ii]	Access .....	6-79
	[iii]	Browser Software .....	6-80
	[g]	Payment Processor .....	6-80
	[i]	Credit Card Numbers .....	6-80
	[ii]	Merchant and Terminal IDs .....	6-80
	[iii]	Confirmation Information .....	6-80
	[h]	Alternative Access .....	6-81
	[i]	Change Orders; Additional Websites; Training .....	6-81
	[j]	Development Services .....	6-81
§ 6.11		<i>Form: Website Development Agreement</i> .....	6-82
§ 6.12		<i>Form: Website Hosting Services Agreement</i> .....	6-97
§ 6.13		<i>Form: Web Services, Software and Content Agreement.</i> .....	6-110
§ 6.14		<i>Form: Domain Name Assignment Agreement</i> .....	6-129
§ 6.14A		<i>Form: Electronic Medical Record Hosting Agreement.</i> .....	6-133
§ 6.15		<i>Form: Trademark and Domain Name Licensing Agreement.</i> .....	6-162
§ 6.16		Internet Strategic Alliances .....	6-166.2
	[1]	Introduction .....	6-166.2
	[2]	Key Business Issues .....	6-166.2
	[a]	Advertising .....	6-166.2
	[b]	Branding .....	6-166.2
	[c]	Development .....	6-166.3
	[d]	Liability .....	6-166.3
§ 6.17		<i>Form: Social Media Content Services Agreement (B2B)</i> .....	6-166.4
§ 6.18		Technology: System (Equipment) Lease .....	6-166.18
§ 6.19		<i>Form: Technology Equipment Lease</i> .....	6-166.19
§ 6.20		Selected Technology Industry Standards .....	6-166.23
	[1]	Open Standards .....	6-166.23
	[2]	Non-Assertion of Intellectual Property Rights .....	6-166.23



## TABLE OF CONTENTS

xiii

	[3] Trademark License . . . . .	6-166.24
	[4] Technical Standard; Development; Antitrust . . . . .	6-166.24
§ 6.21	<i>Form: License of Technology and Non-Assertion of Intellectual Property Rights . . . .</i>	6-166.25
§ 6.22	<i>Managing Exchange Rate Risk in Commercial Contracts . . . . .</i>	6-166.30
§ 6.23	<i>Form: Exchange Rate Addendum . . . . .</i>	6-166.31
§ 6.24	<i>Form: Purchase and Manufacturing Services Agreement. . . . .</i>	6-170
§ 6.25	<i>Form: Medical Hardware Sales, License, and Service Agreement. . . . .</i>	6-189
§ 6.26	<i>Form: Transition Services Agreement . . . . .</i>	6-202
§ 6.27	<i>Form: Life Sciences Distribution and License Agreement . . . . .</i>	6-214
§ 6.28	<i>Form: Technology Start-Up Incubator— License for Space . . . . .</i>	6-235
§ 6.29	<i>Form: Comprehensive Cloud Services Agreement. . .</i>	6-256
§ 6.30	<i>Form: Mobile Application Development Agreement. . . . .</i>	6-296
§ 6.31	<i>Form: Music License for Application Development. . . . .</i>	6-310

## CHAPTER 7

### Intellectual Property

§ 7.01	Overview . . . . .	7-7
§ 7.02	A Primer on Intellectual Property (Using an Illustrative Hypothetical Example). . . . .	7-9
§ 7.03	Copyrights . . . . .	7-11
	[1] Items That Can Be Copyrighted . . . . .	7-11
	[2] General Principles . . . . .	7-11
	[a] Original Work of Authorship . . . . .	7-11
	[b] Tangible Medium of Expression. . . . .	7-12.1
	[c] Form of Expression. . . . .	7-13
	[d] Formulas . . . . .	7-13
	[e] Limited Rights of Copyright Owner; First Sale Doctrine . . . . .	7-13
	[f] Right of Termination. . . . .	7-15
	[g] Length of Protection . . . . .	7-16
	[h] Employee, Contractor Works . . . . .	7-17
	[3] Steps to Obtain Copyright Protection . . . . .	7-17
	[a] Minimum Protection . . . . .	7-17
	[b] Copyright Notice. . . . .	7-18
	[c] Works First Made Public Before March 1, 1989 . . . . .	7-18
	[d] When in Doubt . . . . .	7-18

	[e]	Copyright Registration/Advantages . . .	7-18
	[f]	Registration Procedure . . . . .	7-19
	[g]	Work for Hire . . . . .	7-19
	[h]	Licensing; Derivative Works . . . . .	7-20
	[i]	Website Creation. . . . .	7-20
	[4]	The Digital Millennium Copyright Act (DMCA) . . . . .	7-21
	[a]	Introduction. . . . .	7-21
	[b]	Circumvention of Anti-Piracy Measures . . .	7-21
	[c]	Internet Service Providers. . . . .	7-22
	[d]	Ephemeral Recordings; Webcasters . . .	7-22.1
	[e]	Pre-Release Piracy of Copyrighted Material . . . . .	7-22.1
	[5]	Computer Fraud and Abuse Act (CFAA) . . .	7-22.2
§ 7.04		Trademarks . . . . .	7-23
	[1]	Items That Can Be Protected as Trademarks . . .	7-23
	[2]	General Principles . . . . .	7-23
	[a]	Consumer Perspective. . . . .	7-23
	[b]	Service Marks . . . . .	7-24
	[c]	Trademarks Versus Trade Names. . . . .	7-24
	[d]	First Sale Doctrine: Unauthorized Sale of Genuine Goods. . . . .	7-25
	[3]	Product Identification. . . . .	7-26
	[a]	Generic Marks. . . . .	7-26
	[b]	Descriptive Marks. . . . .	7-26
	[c]	“Merely Suggestive” Marks . . . . .	7-27
	[d]	Arbitrary Marks . . . . .	7-27
	[e]	Other Characteristics. . . . .	7-27
	[4]	Steps to Obtain and Keep Trademark Protection . . . . .	7-27
	[a]	New Trademark . . . . .	7-28
	[b]	Active Defense . . . . .	7-28
	[c]	Awareness of Trademark Abuse. . . . .	7-28
	[d]	Generic Usage. . . . .	7-28
	[e]	Review of Literature. . . . .	7-28
	[f]	Proper Usage. . . . .	7-28
	[g]	Related Products . . . . .	7-28.1
	[h]	Capitalization . . . . .	7-28.1
	[i]	Registered Mark Sign . . . . .	7-28.1
	[j]	Non-Registered Mark Sign . . . . .	7-28.1
	[k]	Use in Documents, Advertising Copy . . . . .	7-28.1
§ 7.05		Trade Secrets . . . . .	7-29
	[1]	Types of Information That Can Be Protected . . . . .	7-29
	[a]	Generally. . . . .	7-29
	[b]	Widget Trade Secrets . . . . .	7-29

## TABLE OF CONTENTS

xv

[2]	General Principles . . . . .	7-29
[a]	Trade Secret Defined. . . . .	7-29
[b]	Flexibility Versus Low Level of Protection . . . . .	7-30
[c]	Maintenance of Secrecy . . . . .	7-30
[d]	Reasons for Security Procedures . . . . .	7-31
[e]	Other Requirements . . . . .	7-31
[f]	Manager Responsibility . . . . .	7-31
[g]	Licensing; Derivative Works . . . . .	7-32
[3]	State Law, the Inevitable Disclosure Doctrine and the Defend Trade Secrets Act . . . . .	7-32
[4]	Steps to Obtain and Keep Trade Secret Protection: Security Against Disclosures by Non-Employees . . . . .	7-33
[a]	Security Within the Plant or Office. . . . .	7-33
[i]	Physical Security of Building. . . . .	7-33
[ii]	Visitors . . . . .	7-34
[iii]	Off-Limits Areas . . . . .	7-34
[iv]	Security Coordinators. . . . .	7-34
[b]	Security in Business Dealings. . . . .	7-34
[5]	Steps to Obtain and Keep Trade Secret Protection: Security Against Disclosures by Employees . . . . .	7-34
[a]	Contractual Safeguards . . . . .	7-34
[i]	New Employees . . . . .	7-34
[ii]	Former Employers . . . . .	7-35
[iii]	Present Employees . . . . .	7-35
[iv]	Retiring Employees or Those Whose Jobs Are Being Terminated. . . . .	7-35
[b]	Workplace Controls; Need-to-Know . . . . .	7-35
[i]	Application of the Need-to-Know Principle . . . . .	7-36
[ii]	Identification of Critical Documents and Other Items . . . . .	7-36
[iii]	Restricted Distribution . . . . .	7-36
[iv]	Secure Filing . . . . .	7-37
[v]	Computer Access . . . . .	7-37
[vi]	Copying . . . . .	7-37
[vii]	Destruction of Documents . . . . .	7-37
[c]	Emergencies . . . . .	7-37
[d]	Publications . . . . .	7-38
[e]	Advertising and Distribution. . . . .	7-38
[6]	Steps to Obtain and Keep Trade Secret Protection: Security Coordinators. . . . .	7-38
[a]	Security Program . . . . .	7-38
[b]	Annual Compliance Program . . . . .	7-38

	[c]	Annual Security Audits . . . . .	7-38
	[d]	Security Breaches . . . . .	7-38
§ 7.06	Patents . . . . .		7-39
	[1]	Items That Can Be Patented . . . . .	7-39
	[2]	General Principles . . . . .	7-39
	[a]	Usefulness . . . . .	7-39
	[b]	Novelty . . . . .	7-39
	[c]	Nonobviousness . . . . .	7-40
	[d]	Patent Exhaustion Doctrine . . . . .	7-41
	[e]	Patent “Durability” . . . . .	7-41
	[f]	Formulas . . . . .	7-42
	[g]	Lead Time . . . . .	7-42
	[h]	Appropriate Protection . . . . .	7-43
	[i]	Disclosure . . . . .	7-43
	[j]	Shop Rights . . . . .	7-43
	[3]	Steps to Obtain Patent Protection . . . . .	7-44
	[a]	Complex Procedures . . . . .	7-44
	[b]	Contact Legal Counsel . . . . .	7-44
	[c]	Widget Policy with Respect to Employee, Consultant and Contractor Creations and Inventions . . . . .	7-44
	[d]	Licensing; Derivative Works . . . . .	7-45
	[4]	Infringement Analysis . . . . .	7-45
§ 7.07	Information Held as a Fiduciary . . . . .		7-48
	[1]	Types of Information Subject to Fiduciary Law . . . . .	7-48
	[2]	General Principles . . . . .	7-48
	[a]	Golden Rule . . . . .	7-48
	[b]	Law of Ideas . . . . .	7-49
	[i]	Property Theory . . . . .	7-49
	[ii]	Contract Theory . . . . .	7-49
	[iii]	Implied Contract Theory . . . . .	7-49
	[iv]	Quasi-Contract/Unjust Enrichment Theory . . . . .	7-50
	[c]	Widget Policy with Respect to Suggestions . . . . .	7-50
	[d]	Other Requirements . . . . .	7-50
	[3]	Steps to Maintain the Confidentiality of Information Subject to Fiduciary Law . . . . .	7-50.1
	[a]	Trade Secrets Procedures Applicable . . . . .	7-50.1
	[b]	Unauthorized Transfer . . . . .	7-50.1
	[c]	“Chinese Wall” Measures . . . . .	7-50.1
	[d]	Suggestions Received . . . . .	7-50.1
	[e]	Widget Information Held by a Third Party as Fiduciary . . . . .	7-50.1
§ 7.08	Intellectual Property as Collateral . . . . .		7-51
§ 7.09	Mask Works . . . . .		7-52

## TABLE OF CONTENTS

xvii

	[1] Defined . . . . .	7-52
	[2] Protection Compared to Copyright, Patent Law . . . . .	7-52
	[3] Scope, Duration of Protection . . . . .	7-53
§ 7.10	Biotechnology . . . . .	7-54
	[1] Overview . . . . .	7-54
	[2] History of United States Patent Protection for Organisms . . . . .	7-55
	[3] A Brief Explanation of Biotechnology . . . . .	7-56
	[4] Special Application of Intellectual Property Law to Biotechnology . . . . .	7-57
	[5] Inventorship . . . . .	7-57
	[6] Utility . . . . .	7-58
	[7] Obviousness . . . . .	7-59
	[8] Enablement . . . . .	7-59
	[9] Licensing . . . . .	7-60
	[10] Infringement . . . . .	7-61
§ 7.11	Intellectual Property and the Internet . . . . .	7-63
	[1] Overview . . . . .	7-63
	[2] Metatags and Trademark Infringement . . . . .	7-63
	[3] Internet File Sharing and Fair Use of Copyrighted Material . . . . .	7-66
	[a] Overview . . . . .	7-66
	[b] Fair Use . . . . .	7-67
	[i] Purpose and Character . . . . .	7-68
	[ii] Nature of the Work . . . . .	7-68
	[iii] Portion Used . . . . .	7-68
	[iv] Commercial Effect . . . . .	7-69
	[c] Historical Context: Fair Use and Changing Technology . . . . .	7-69
	[i] Betamax . . . . .	7-69
	[ii] Audio Home Recording Act. . . . .	7-70
	[iii] RIAA v. Diamond . . . . .	7-71
	[iv] No Electronic Theft (NET) Act . . . . .	7-72
	[d] Contributory Infringement . . . . .	7-73
	[i] Intent and “Substantial Non-infringing Uses” . . . . .	7-73
	[ii] Napster . . . . .	7-73
	[iii] Peer-to-Peer Technology and the Digital Millennium Copyright Act . . . . .	7-74
	[iv] <i>Grokster</i> : A Return to Intent . . . . .	7-77
	[v] <i>Mega</i> : Offloading Liability to Users . . . . .	7-78
	[e] Synthesis: So What Can You Do with Your Files and Devices? . . . . .	7-79
	[f] “Fair Dealing” and File Sharing in Foreign Countries . . . . .	7-80

	[g]	3D Printing; Fair Use, Infringement and Safeguarding . . . . .	7-83
	[i]	Generally . . . . .	7-83
	[ii]	Copyright and Fair Use . . . . .	7-83
	[iii]	Trademark . . . . .	7-84
	[iv]	Trade Secret . . . . .	7-84
	[v]	Patent . . . . .	7-85
	[4]	Social Media: Blogs, RSS Feeds, and Podcasts. . . . .	7-85
	[a]	Background. . . . .	7-85
	[b]	Technology . . . . .	7-86
	[c]	Commercialization . . . . .	7-87
	[d]	Applicable Law; Generally. . . . .	7-87
	[e]	Copyright Law . . . . .	7-87
	[i]	Creative and Expressive Works . . . . .	7-87
	[ii]	Obtaining Permission. . . . .	7-92
	[f]	Creative Commons License . . . . .	7-95
	[i]	Attribution/Noncommercial/ No Derivatives. . . . .	7-96
	[ii]	Attribution/Noncommercial/ Share Alike . . . . .	7-96.1
	[iii]	Attribution/Noncommercial. . . . .	7-96.1
	[iv]	Attribution/No Derivatives. . . . .	7-96.1
	[v]	Attribution/Share Alike . . . . .	7-96.2
	[vi]	Attribution . . . . .	7-96.2
	[g]	Defamatory Statements and the Communications Decency Act of 1996 . . . . .	7-96.3
§ 7.12		The Economic Espionage Act of 1996 . . . . .	7-97
	[1]	Introduction . . . . .	7-97
	[2]	Theft of Trade Secrets on Behalf of or for the Benefit of a Foreign Government . . . . .	7-97
	[3]	Theft of Trade Secrets for Purely Economic or Commercial Reasons . . . . .	7-98
	[4]	Trade Secrets Defined . . . . .	7-98
	[5]	Penalties and Other Provisions . . . . .	7-99
	[6]	Elements Required for Conviction . . . . .	7-99
	[7]	A Two-Edged Sword. . . . .	7-100
§ 7.13		Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). . . . .	7-102
	[1]	Overview . . . . .	7-102
	[2]	Standards for Protection . . . . .	7-102
	[3]	Enforcement. . . . .	7-103
	[4]	Dispute Settlement. . . . .	7-103
	[5]	General Provisions. . . . .	7-103
	[6]	Substantive Standards of Protection . . . . .	7-104
	[a]	Copyright . . . . .	7-104
	[b]	Phonograms and Broadcasters . . . . .	7-105

## TABLE OF CONTENTS

xix

	[c]	Trademarks . . . . .	7-106
	[d]	Geographical Indications . . . . .	7-108
	[e]	Industrial Designs . . . . .	7-109
	[f]	Patents . . . . .	7-109
	[g]	Layout-Designs of Integrated Circuits . . . . .	7-111
	[h]	Undisclosed Information. . . . .	7-112
	[i]	Control of Anti-Competitive Practices . . . . .	7-112
[7]		Enforcement and Remedies . . . . .	7-112
	[a]	General Obligations . . . . .	7-112
	[b]	Civil and Administrative Procedures and Remedies . . . . .	7-113
	[c]	Provisional Measures . . . . .	7-115
	[d]	Special Requirements for Border Measures . . . . .	7-116
	[e]	Criminal Procedures . . . . .	7-118
[8]		Miscellaneous Provisions . . . . .	7-118
	[a]	Acquisition and Maintenance of Intellectual Property Rights and Related <i>Inter Partes</i> Procedures. . .	7-118
	[b]	Transitional Arrangements . . . . .	7-118
	[c]	Protection of Existing Material. . . . .	7-119
§ 7.14		<i>Form:</i> Patent License and Development Agreement (for License and Commercial Development of University-Based Research) . . . . .	7-129
§ 7.15		<i>Form:</i> Patent Use Analysis Worksheet . . . . .	7-134
§ 7.16		<i>Form:</i> Patent Cross-License Agreement . . . . .	7-137
§ 7.17		<i>Form:</i> Employee Policy for Information Security. . .	7-150
§ 7.18		<i>Form:</i> Collateral Assignment of Intellectual Property. . . . .	7-159
§ 7.19		<i>Form:</i> Trademark Use Guidelines. . . . .	7-166
§ 7.20		<i>Form:</i> Warranty, Authorized Dealer Disclaimer. . . .	7-171

## CHAPTER 8

### Selected Regulatory Considerations Affecting Technology Companies

§ 8.01	Overview . . . . .	8-5
§ 8.02	Technology Exports: A Complex Maze of Regulation. . . . .	8-7
	[1] Overview . . . . .	8-7
	[2] Regulatory Framework . . . . .	8-8
	[3] Export Restrictions . . . . .	8-9
	[a] Overview. . . . .	8-9
	[b] High Performance Computers (HPCs) . . . . .	8-11
	[c] Multi-Lateral Arrangements . . . . .	8-12

	[4]	Exceptions . . . . .	8-13
	[5]	Export License Types and Term . . . . .	8-13
	[6]	Application Process . . . . .	8-14
	[7]	Denial and Appeal . . . . .	8-14
	[8]	Internal Compliance Program . . . . .	8-15
	[9]	Penalties . . . . .	8-15
	[10]	Encryption Technology . . . . .	8-15
		[a] Introduction . . . . .	8-15
		[b] Encryption Technology Explained . . . . .	8-16
		[c] Changes to Export Regulatory Framework . . . . .	8-17
	[11]	Reform Initiative . . . . .	8-19
§ 8.03		Technology Imports—A Less Complex Regulatory Regime . . . . .	8-20
	[1]	Overview . . . . .	8-20
	[2]	International Trade Commission (ITC) . . . . .	8-20
		[a] Unfair Trade Practices . . . . .	8-20
		[b] Anti-Dumping . . . . .	8-20
		[c] Increased Imports . . . . .	8-21
		[d] USMCA and Its Predecessor, NAFTA . . . . .	8-22
		[e] Trade Act of 1974 . . . . .	8-22
		[f] General Investigative Authority . . . . .	8-23
	[3]	Other Sources of Authority . . . . .	8-23
		[a] Office of the United States Trade Representative . . . . .	8-23
		[b] Threats to National Security . . . . .	8-23
		[c] Trade Adjustment Assistance . . . . .	8-24
		[i] Workers . . . . .	8-24
		[ii] Businesses . . . . .	8-24
§ 8.04		Foreign Investment in the United States . . . . .	8-25
	[1]	Overview . . . . .	8-25
	[2]	The Exon-Florio Amendment . . . . .	8-26
		[a] Relevant Considerations in Initiating Executive Action . . . . .	8-26
		[b] Committee on Foreign Investment in the United States . . . . .	8-27
		[c] Selected Notice Requirements . . . . .	8-27
		[d] Definitional Challenges Under the Act . . . . .	8-28
		[e] Procedure . . . . .	8-29
		[f] Completing an Exon-Florio Notice . . . . .	8-30
	[3]	Bureau of Economic Analysis: Reporting Requirements . . . . .	8-31
		[a] Overview . . . . .	8-31
		[b] Foreign Direct Investment . . . . .	8-32
		[i] Form BE-13 . . . . .	8-32
		[ii] Exceptions to Filing . . . . .	8-33
		[iii] Periodic Investment Reports . . . . .	8-33



## TABLE OF CONTENTS

xxi

	[c] United States Direct Investment Abroad . . . . .	8-34
	[d] United States Investment Intermediaries. . . . .	8-35
	[i] “Fiduciary-Type” Intermediaries . . . . .	8-36
	[ii] “Broker-Type” Intermediaries and Joint Venture Participants . . . . .	8-36
	[4] Penalties; Enforcement . . . . .	8-36
§ 8.05	Foreign Operations by U.S. Companies . . . . .	8-37
	[1] Foreign Corrupt Practices Act . . . . .	8-37
	[a] Overview. . . . .	8-37
	[b] Accounting Standards . . . . .	8-37
	[c] Anti-Bribery Regulations . . . . .	8-39
	[i] Elements of Prohibited Activities . . . . .	8-39
	[ii] Exceptions . . . . .	8-40
	[iii] Penalties . . . . .	8-41
	[2] The OECD Anti-Bribery Convention . . . . .	8-41
§ 8.06	The Internet and Its Regulation . . . . .	8-43
	[1] Fundamentals of Internet Technology . . . . .	8-43
	[a] National Service Providers . . . . .	8-43
	[b] Internet Service Providers. . . . .	8-43
	[c] Servers. . . . .	8-43
	[d] Flexibility . . . . .	8-43
	[e] The User’s Perspective . . . . .	8-44
	[f] Websites and Domain Names . . . . .	8-44
	[g] Web Pages. . . . .	8-44
	[h] Continuing Growth of Internet . . . . .	8-44
	[2] Domain Name Registration . . . . .	8-44
	[3] Anticybersquatting Consumer Protection Act. . . . .	8-45
	[4] Uniform Domain Name Dispute Resolution Policy (ICANN) . . . . .	8-47
	[5] Tasting, Kiting and Front Running . . . . .	8-49
	[6] Privacy and the Internet. . . . .	8-52
	[a] Scope. . . . .	8-52
	[b] Internet Privacy Policies . . . . .	8-52
	[c] Federal Legislation . . . . .	8-53
	[d] European Union; The GDPR . . . . .	8-54
	[i] General Principles . . . . .	8-55
	[ii] Right to Be Forgotten. . . . .	8-57
	[iii] Compliance Certification . . . . .	8-58
	[e] CANSPAM Act of 2003 . . . . .	8-59
	[f] California Website Vulnerability Disclosure. . . . .	8-60
	[7] Interfacing with Other Areas of the Law. . . . .	8-60
	[a] Export Controls. . . . .	8-60

	[b]	Trademarks and Domain Names. . . . .	8-61
	[c]	Fair Use. . . . .	8-61
	[d]	Links and Frames . . . . .	8-61
	[e]	Policing Content . . . . .	8-63
§ 8.07		Contract Execution . . . . .	8-64
	[1]	“Shrink-Wrap”/“Click-Wrap” . . . . .	8-64
	[2]	The Electronic Signatures in Global and National Commerce Act and the Uniform Electronic Transactions Act . . . . .	8-64
§ 8.08		Antitrust Considerations . . . . .	8-68
	[1]	Overview . . . . .	8-68
	[2]	Antitrust Analysis of Competitor Collaboration. . . . .	8-69
	[3]	Antitrust Implications of Licensing Intellectual Property . . . . .	8-72
	[4]	The Hart-Scott-Rodino Antitrust Improvements Act of 1976 . . . . .	8-76
	[a]	Overview. . . . .	8-76
	[b]	Reporting Requirements . . . . .	8-77
		[i] Commerce Test . . . . .	8-77
		[ii] Size of Transaction Test. . . . .	8-77
		[iii] Size of Person Test. . . . .	8-77
		[iv] Changing Thresholds . . . . .	8-77
	[c]	Reporting Exceptions . . . . .	8-78
	[d]	Selected Filing Procedures . . . . .	8-78
	[e]	Waiting Periods. . . . .	8-80
	[f]	Required Filings and Disclosures . . . . .	8-80
		[i] Summary of Hart-Scott-Rodino- Specific Information . . . . .	8-80
		[ii] Item 4(c) Internal Requests . . . . .	8-83
§ 8.09		Bankruptcy and Licensing of Intellectual Property . . . . .	8-85
	[1]	Overview . . . . .	8-85
	[2]	Executory Contracts. . . . .	8-85
	[3]	Licenses as Property Transfers . . . . .	8-87
	[4]	Trademarks . . . . .	8-88
	[5]	Bundled Rights . . . . .	8-89
	[6]	Assignment . . . . .	8-90
§ 8.10		Electronic Waste and the Environment . . . . .	8-94
	[1]	An Emerging Problem. . . . .	8-94
	[2]	European Union Regulations: The WEEE Directive and RoHS . . . . .	8-94
		[a] Overview. . . . .	8-94
		[b] “Take-Back” Requirements . . . . .	8-96
		[c] European Union Member-Nations . . . . .	8-97
		[d] Selected Exceptions and Limitations . . . . .	8-97
		[e] Implications Beyond Europe. . . . .	8-98
	[3]	Selected Industry Responses . . . . .	8-98
§ 8.11		Electronic Health Records. . . . .	8-100
	[1]	Overview . . . . .	8-100

## TABLE OF CONTENTS

xxiii

	[2]	Professional Liability . . . . .	8-100
	[3]	Confidentiality . . . . .	8-101
	[4]	Reliability . . . . .	8-101
§ 8.12		Legal Ethics, Professional Responsibility, and the Internet . . . . .	8-103
	[1]	Selected Ethical Issues . . . . .	8-103
	[2]	Attorney Websites . . . . .	8-104
	[3]	Online Establishment of Attorney-Client Relationships . . . . .	8-105
	[4]	Protection of Information . . . . .	8-107
§ 8.13		<i>Form</i> : Sample Exon-Florio Notice for Technical Widget Related Acquisition . . . . .	8-110
§ 8.14		<i>Form</i> : Foreign Corrupt Practices Act (FCPA)—Sample Corporate Policy for Technology Company . . . . .	8-119
§ 8.15		<i>Form</i> : Sample Hart-Scott-Rodino Act Item 4(c) Memoranda . . . . .	8-124
	[1]	Long Form . . . . .	8-124
	[2]	Short Form . . . . .	8-125
§ 8.16		<i>Form</i> : Sample Website Privacy Statement . . . . .	8-126

## CHAPTER 9

### Employees and Independent Contractors

§ 9.01		Introduction . . . . .	9-3
§ 9.02		New Employee Agreements . . . . .	9-4
	[1]	Enforceability . . . . .	9-4
	[2]	“Reasonableness” . . . . .	9-5
	[3]	Noncompetition Covenants . . . . .	9-6
	[a]	Termination . . . . .	9-6
		[i] Termination Without Cause . . . . .	9-6
		[ii] Petition . . . . .	9-7
	[b]	Confidentiality . . . . .	9-7
	[c]	IPR Covenants . . . . .	9-8
	[d]	At-Will Employment . . . . .	9-8
	[e]	Miscellaneous Provisions . . . . .	9-8
§ 9.03		Employment Agreements . . . . .	9-10
	[1]	Termination . . . . .	9-10
	[2]	Outside Business Activities . . . . .	9-11
	[3]	Compensation . . . . .	9-12
	[4]	Noncompetition, Confidentiality and Disclosure of Inventions . . . . .	9-12
	[5]	Dispute Resolution . . . . .	9-12
§ 9.04		Independent Contractors . . . . .	9-14
	[1]	Overview . . . . .	9-14
	[2]	Subcontractors . . . . .	9-14
	[3]	Independent Contractor . . . . .	9-15

	[4]	Protecting IPR . . . . .	9-19
	[a]	Trade Secrets. . . . .	9-19
	[b]	Works for Hire . . . . .	9-19
	[5]	Nondisclosure, Noncompete and Non-Solicitation Agreements . . . . .	9-20
	[a]	Overview. . . . .	9-20
	[b]	Noncompete Agreements . . . . .	9-21
	[i]	Generally Unenforceable in Some Jurisdictions. . . . .	9-22
	[ii]	Enforceable Subject to Exacting Standards. . . . .	9-22
	[iii]	Reasonable Restrictions. . . . .	9-24
	[iv]	Overbroad Restrictions. . . . .	9-26
	[c]	Non-Solicitation Agreements . . . . .	9-26
	[6]	The Fair Labor Standards Act Exemption. . . . .	9-27
	[7]	Reductions in Force. . . . .	9-28
	[a]	Overview. . . . .	9-28
	[b]	Post-Termination Payments . . . . .	9-29
	[c]	Protection from Claims. . . . .	9-29
§ 9.05		Stock Options in Employee Compensation. . . . .	9-30
	[1]	Overview . . . . .	9-30
	[2]	Qualified Stock Options. . . . .	9-30
	[3]	Nonqualified Stock Options. . . . .	9-32
	[4]	Stock Appreciation Rights (SARs), Phantom Stock, and Similar Equity Participation Interests. . . . .	9-34
§ 9.06		Employee Stock Ownership Plans (ESOPs) . . . . .	9-35
§ 9.07		Federal Securities Law . . . . .	9-37
§ 9.08		Workplace Privacy. . . . .	9-38
	[1]	Telephone Monitoring . . . . .	9-38
	[2]	Computer Monitoring . . . . .	9-38
	[3]	E-mail and Voice Mail. . . . .	9-39
	[4]	Employee Expectations of Privacy . . . . .	9-39
	[5]	Employee Background Checks . . . . .	9-39
	[a]	Overview. . . . .	9-39
	[b]	Criminal Records . . . . .	9-40
	[c]	Education Records . . . . .	9-41
	[d]	Credit Reports. . . . .	9-41
	[e]	Driving Records . . . . .	9-42
	[f]	Disclosure to Prospective Employers. . . . .	9-42
§ 9.09		Social Responsibility . . . . .	9-44
	[1]	Overview . . . . .	9-44
	[2]	Electronic Industry Code of Conduct (EICC). . . . .	9-44
§ 9.10		Practical Guidance: Drafting the Stock Option Plan. . . . .	9-46
	[1]	IRS Section 162 Compensation Limitations. . . . .	9-46
	[2]	Plan Term. . . . .	9-47
	[3]	Option Pool . . . . .	9-47
	[4]	Authorized Share Adjustments . . . . .	9-48

## TABLE OF CONTENTS

xxv

	[5] Attributes of the Option Grant . . . . .	9-48
	[6] Vesting . . . . .	9-49
	[7] Mechanics . . . . .	9-49
§ 9.11	<i>Form</i> : Employee New-Hire Agreement . . . . .	9-51
§ 9.12	<i>Form</i> : Employment Agreement with Commentary . . . . .	9-56
§ 9.13	<i>Form</i> : Employee Stock Option Plan (General) . . . . .	9-63
§ 9.14	<i>Form</i> : Non-Employee Grantee Stock Option Plan . . . . .	9-72
§ 9.15	<i>Form</i> : Employee Option Award . . . . .	9-82
§ 9.16	<i>Form</i> : Non-Employee Option Award (General) . . . . .	9-91
§ 9.17	<i>Form</i> : Employee Option Award Grantee Memorandum . . . . .	9-99
§ 9.18	<i>Form</i> : Non-Employee Option Award Grantee Memorandum . . . . .	9-106
§ 9.19	<i>Checklist</i> : Restrictive Covenants . . . . .	9-112
§ 9.20	<i>Form</i> : Employee Retention Agreement . . . . .	9-113

## CHAPTER 10

### Selected Issues for the Public Technology Companies

§ 10.01	Introduction . . . . .	10-2
§ 10.02	Stakeholder Litigation . . . . .	10-4
§ 10.03	Mandated v. Elective Disclosure . . . . .	10-5
	[1] Overview . . . . .	10-5
	[2] Elective Disclosure and the Securities Exchange Act . . . . .	10-5
	[3] Elective Disclosure and Securities Exchange Regulations . . . . .	10-7
§ 10.04	“Soft Information” Disclosures . . . . .	10-8
	[1] Overview . . . . .	10-8
	[2] “Bespeaks Caution” Doctrine . . . . .	10-9
	[3] The Private Securities Litigation Reform Act . . . . .	10-9
	[a] Cautionary Statements . . . . .	10-11
	[b] Oral Forward-Looking Statements . . . . .	10-11
§ 10.05	Practical Guidelines Regarding Disclosures . . . . .	10-13
	[1] Written Disclosures . . . . .	10-13
	[2] Website, Social Media and Other Electronic Disclosures . . . . .	10-14
	[3] Oral Disclosures . . . . .	10-14
§ 10.06	Federal Securities Actions in State Courts . . . . .	10-16
	[1] Overview . . . . .	10-16
	[2] Securities Litigation Uniform Standards Act . . . . .	10-17
§ 10.07	Analyst Calls . . . . .	10-19
	[1] Overview . . . . .	10-19
	[2] Liability Under the Exchange Act . . . . .	10-19
	[3] Liability in Connection with Analyst Forecasts . . . . .	10-20
§ 10.08	Potential Liability Under Other Provisions of the Federal Securities Laws . . . . .	10-23

[1]	Overview .....	10-23
[2]	Officers, Directors, and Certain Shareholders .....	10-23
[a]	Forms 3, 4 and 5 Under the Exchange Act .....	10-23
[b]	Schedule 13D Under the Exchange Act .....	10-24
[c]	Schedule 13G Under the Exchange Act .....	10-24
[d]	“Insider” Issues Under the Exchange Act .....	10-25
[e]	Short-Swing Profits Under Section 16(b) of the Exchange Act ...	10-27
[f]	Short Sales Under Section 16(c) of the Exchange Act .....	10-29
[3]	Selected Internal Compliance Procedures ...	10-29
[a]	Restricted Stock .....	10-29
[b]	Maintaining Confidentiality .....	10-29
[c]	General Considerations: Transactions with the Company .....	10-30
[4]	Conclusion .....	10-31
§ 10.09	<i>Form</i> : Selected Risk Factors—Software Company ...	10-32
§ 10.10	<i>Form</i> : Selected Risk Factors—Telecommunications Company .....	10-45
§ 10.11	<i>Form</i> : Insider Trading Policy Memorandum .....	10-52
§ 10.12	<i>Form</i> : Insider Trading Policy .....	10-58
§ 10.13	<i>Form</i> : IPO Client Memorandum .....	10-62
§ 10.14	<i>Form</i> : Memorandum Selected Public Company Obligations .....	10-79
§ 10.15	<i>Form</i> : Insider Trading in Company Securities Memorandum .....	10-91
§ 10.16	<i>Form</i> : IPO Time and Responsibility Schedule .....	10-102
§ 10.17	<i>Guidance</i> : Selected Risk Factors—Foreign E-Commerce Issuer .....	10-112

## GLOSSARIES

1.	Selected Technical Terms .....	G-3
2.	Selected Telecommunications Industry Terms .....	G-25
3.	Selected Media Terms .....	G-37

<b>INDEX</b>	.....	I-1
--------------	-------	-----