

infringement. On 15 December final orders were made in this matter and we hope to report further on this in the next issue.

(Lotus Development Corp & Ors v Vacolan Pty Ltd & Anor (1990) AIPC ¶90-629, Federal Court, Davies J, 20 November 1989).

Reverse Engineering and Computers

Two recent American cases highlight the difficulties in deciding whether certain new computer developments have been reverse engineered, and whether that process has involved or resulted in a breach of copyright.

In *NEC Corp & Anor v Intel Corp* (1989) 14 IPR 1, the use of reverse engineering in relation to the development of computer architecture was not, of itself, unlawful. Although NEC admitted that one of its engineers had reverse engineered Intel's microcode, the court held that the engineer was entitled to use his knowledge of the Intel microchips and his experience in studying them in the design of NEC's chips, provided no copying took place.

Brooktree Corporation v Advanced Micro Devices Inc (1989) 14 IPR 85 is the first reported case in the US to examine the *Semiconductor*

Chip Protection Act (the Act). Brooktree alleged that significant elements of two of its chips were copied by the defendant (AMD). It applied for interlocutory relief to restrain AMD from manufacturing and dealing in the chips. AMD conceded that its designer had examined the Brooktree chips under a microscope, but had done this in the course of reverse engineering permitted by the Act. Brooktree alleged that the resemblance was not the result of reverse engineering but of simple copying.

The Act specifically allows for reverse engineering by providing that it is not an infringement to reproduce the mask work solely for the purpose of teaching, analysing or evaluating the concepts or techniques embodied in the mask work or to incorporate the result of such conduct in an original mask work which is made or distributed.

If a defendant is unable to show a "paper trail" establishing that reverse engineering rather than copying has taken place, the standard to be applied in determining infringement should only be "substantial similarity". In this case the defendant could show a satisfactory paper trail, and "substantial identity" between the two works was required before infringement would be found. Brooktree could not

show whether the similarity between the chips arose from the functional requirements or the design. The injunctions it sought were denied.

The applicants wanted interlocutory relief only, and it is hoped that a deeper examination of the issues will emerge when a full hearing of this or another case under the Act is reported.

The *Circuit Layouts Act* 1989 (Cth) contains similar provisions to the Act on reverse engineering and copying. These provisions are yet to be tested in the Australian courts.

NEW TITLES

Guide to Computer Law

A two volume loose-leaf service entitled "Guide to Computer Law" has recently been released by Commerce Clearing House, the US parent of CCH Australia Limited.

This service deals with US Federal law, where major computer development, often of great influence on Australia and New Zealand, takes place.

The Guide covers more than 20 areas of "computer law", including the various forms of intellectual property, federal statutory sources, hybrid areas such as crime, sales and

licensing, plus additional areas from privacy to tax and anti-trust that effect the computer developer, manufacturer, reseller or user. There is a useful glossary, the usual indexes and finding lists, and status tables.

Relevant US Federal and State law, international treaties, Copyright Office Circulars and cases are reported in full text. The service is updated twice a month, accompanied by a newsletter.

For details on subscription, contact your local CCH office.

Legal Software Directory

A new edition of the *Australasian Legal Software Directory* 1989-90 has been released. Lawyers seeking to automate their office or upgrade their existing systems should consult this Directory at some stage in the selection process.

The Directory contains general advice on selecting software and using computers in the legal environment. The section on legal application packages is divided into five categories – solicitors' office management systems; precedents/matter support systems; specialised systems (such as conveyancing, tax etc); barristers' systems; and

general microcomputer packages.

The Directory also contains over 90 one page overviews of different legal software packages. The overviews include details of the software including its age, the number of installations that are using it, its cost, the equipment required, and the documentation, training and support available.

The information given is based on information provided by suppliers. However, there is also information on the suppliers which may indicate their reliability.

The Directory is published by Legal Management Consultancy Service Pty Ltd. Contact: Simon Lewis on (02) 331 4646 or Stephen McNamara (08) 370 9132, or write to LMCS, DX 712 Sydney or Adelaide, or GPO Box 183 Sydney or GPO Box 1466 Adelaide SA 5001.

Software, Copyright, & Competition: The "Look and Feel" of the Law, *by Anthony I Clapes*

In the wake of the *Autodesk* case in Australia (*Autodesk Inc v Dyason & Ors* (1989) 15 IPR 1) and with it's Full Federal Court appeal looming large in March this

year, Tony Clapes' book, *Software, Copyright & Competition – The "Look and Feel" of the Law*, is a timely, albeit US exposition, on the history and current state of copyright law as it applies to computer software.

Billed as "a must for anyone, lawyer, hacker or user, who wants to understand why there is so much controversy in computer software copyright law, where it is heading, and what the impact will be on industry", the book is highly readable, reducing the technological computerese and juristic labels that have become rampant in this field, to clear and concise plain English.

Perhaps, more importantly, the author captures a scenario which entertainingly overviews the spectrum of the computer software copyright debate, from narrative expositions on the relevant American case law through to the burning policy implications of narrow versus broad copyright protection for computer software.

Clapes writes with both experience and conviction. He is a Senior Corporate Counsel at IBM and is presently responsible for managing IBM's intellectual property and antitrust litigation. He has represented IBM in large

and complex cases, and was one of the lawyers intimately involved in the *IBM v Fujitsu* arbitration – considered by some, the granddaddy of all the silicon epics so far.

The current copyright law debate surrounding the applicability of traditional notions of copyright to computer software is globally of recent genesis. There are relatively few jurisdictions in the world which have been forced to formally adjudicate the issues involved, and in those more developed countries that have, there is both confusion and controversy.

The most active and rigorous legal debates on this issue have been in the US, and Clapes traces the path of US case law developments starting with the novel *Apple Computer, Inc v Franklin Computer Corp* decision in 1982, and chronologically critiques cases such as *SAS Institute v S&H Computer Systems*, *Whelan v Jaslow* and *NEC v Intel* highlighting their strengths and weaknesses in argument.

However, the issues surrounding the software/copyright interface

embrace more than just a black letter interpretation of the law. Clapes articulates the business and policy implications of the views held by both protagonists and antagonists in the copyright debate, and invites the reader to experience the ethos of the computer programmer. He addresses the problematical dichotomy between ideas and expression – whether the line between idea and expression should be drawn closer to the literal text of a program than it is for other kinds of literary works; reminds the reader of the fundamental purpose underpinning copyright law – to create the most efficient and productive balance between protection and the dissemination of information to promote learning, culture and development; and exposes the creativity and imagination required for programming authorship. He also tackles the challenging industry issue of software compatibility and cloning, and has some practical advice about the intrinsic value of "clean room" procedures in establishing originality.

But this book is more than an academic treatise. Clapes has a statement to

make and unwaveringly advocates that copyright is not only the most appropriate regime for software protection and deserving of the full protection afforded by the laws of copyright, but is critical for their continued commercial availability (p208). Within the provocative framework of his book, Clapes cogently justifies his position and challenges the antagonists who maintain that an abridged copyright protection is sufficient.

Software, Copyright & Competition is a welcome contribution to the literature of computer law. It provides the reader with an essential insight of the law, of the industry, of policy and programming – and it is only with knowledge of the blend of these perspectives that an informed debate as to the appropriate direction for computer software copyright protection can continue.

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