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**Avast ye Hardies Yo-Ho**

Another kind of pirate than the Somalis made the news recently when the four men behind [The Pirate Bay](#) were convicted in April of violating Sweden's copyright law. The Pirate Bay is (was?) a file sharing site similar to Napster. The four were convicted of helping millions of users download music, movies and computer games without paying. The Stockholm district court sentenced Gottfrid Svartholm Warg, Peter Sunde, Fredrik Neij and Carl Lundstrom (who financed TPB) each to one year in prison, and imposed a fine of 30 million kronor (about \$3.767 million) to a bunch of media conglomerates such as Sony, EMI, Columbia Pictures, and Warner Brothers. TPB became digital content's public enemy number one after [Kazaa](#) and [Grokster](#) were forced down. TPB suggested somewhat humorous responses to cease and desist letters, informing the writer that Sweden was not a state in the United States. TPB's technology allowed parts of a large file to be transferred from several different users. Defense lawyers argued that TPB didn't host any copyright-protected material. They lost anyhow.



The Pirate Bay

**Creating an IP Portfolio**

The Buzz's father once had an idea he wanted to patent: Little cups on airplane wheels that would start the wheels spinning before landing so that the tires wouldn't squeal when they hit the pavement. When he looked into it, there were already a dozen variations of his idea patented. That ended his inventing career. Our state and federal intellectual property laws, including patents, trademarks, mask works, trade secrets, copyrights, and the like, give you a monopoly of one sort or another. That's pretty cool. You get to charge monopoly profits from anyone who wants it. Famous author? Try charging \$300 for your next book. [Well maybe there are some market forces at work in limiting your profits, like competition from other books.] But still you should pursue a portfolio of protection for the intellectual property that defines your business. Even if you will never start exacting huge patent infringement settlements from the Fortune 500, or shut down potential competitors in their infancy, a portfolio is useful for cross licensing when disputes do arise and to make a buyer feel good about acquiring you. And some, like trademarks and copyrights, are relatively cheap, although there are a few landmines for the DIY IP protector.

**BizBuzz Jazzz****Minerva**

Minerva, the Roman goddess of wisdom, was charged with "spreading false information with the intent of harming the public interest." We've always said that one man's "harm to public interest" is another man's freedom of speech. "Minerva" was actually Park Dae-Sung, and he blogged on [Daum.net](#), a popular South Korean portal. Park predicted Lehman Brothers collapse and, despite anonymity, was widely followed. In December, 2008 he said the South Korean government had tried to dissuade local banks from buying US dollars. He was prosecuted. And acquitted. He was found to lack the requisite malicious intent even though his blog posts were found to be misleading. We guess that free speech in Korea is only for those who are kind.

**Res Ipsa Loquitur****Finance Nuggets**

- Financials.** You've read here a couple of items about accounting opacity and the move to international accounting standards. Well, FASB recently closed the comment period on some serious proposed changes. One: dividing your results into "core" manufacturing business and "finance" activities. That might have helped give visibility to GE's recent problems.
- Taxes.** Corporation's don't actually pay taxes; people do, but people love to hate corporations. So our corporate tax rates (39.3%) are second highest in the world only to Japan (39.5%). Germany decreased its 8.7% to 30.2%. Many like the Czech Republic have a flat tax and dividends between two corporations are not taxed. At the bottom: Ireland at 12.5%.
- Tags.** The SEC recently required inclusion of XBRL digital tags in the filed financial statements for the 500 largest public companies. By 2011 all public companies will need to comply. Among other things, the tags may make comparisons across periods and companies easier.

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