



LAW AND MORALITY IN DEADWOOD;  
JUSTICE COMES TO THE ELECTRONIC  
FRONTIER

Presentation by John J. Swift

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**CATALYST**  
Corporate Finance Lawyers

## About Catalyst

- Leading corporate finance law firm in Western Canada focused on building and financing technology companies.



- Practice area restricted to corporate, commercial and securities law for technology companies.

# About Catalyst

- Our clients are companies across the technology sector including:
  - IT/Software
  - Internet/E-Commerce & New Media
  - Wireless/Telecom
  - Biotech/Health Care/Medical Devices
  - Technology Based Products and Services

# LAW AND ORDER COME TO THE ELECTRONIC FRONTIER

*The times are changing on the new frontiers of the Internet and of the global economy.*

*The Law is catching up but new and unsettled issues and territories present new choices and new challenges.*

*New approaches for the application and enforcement of the law are being applied to new business activities.*

# LAW AND ORDER COME TO THE ELECTRONIC FRONTIER

*In this presentation we will look at how law and order is coming to the new frontiers of ebusiness and of the global economy.*

*In addition, it will be proposed that in these uncharted territories the guiding principles of successful business initiatives will be ethics.*

*Ethical behaviour will become a required and necessary component of business practices in the global and intelligence- based economies.*

# DOING BUSINESS ON THE NEW FRONTIER

*“Law” in this sense means the rule of law.*

*“Morality” in this sense means a code loosely expressed and based on broad principles, an OS for life.*

*“Ethics” means principles and values adopted and adhered to. They are the components of morality.*

*A hall mark and the distinguishing feature of ethics and of ethical choices is responsibility. Ethical behaviour is always responsible behaviour.*

*Legal behaviour is often not responsible and therefore, in the eyes of many people, often not ethical.*

# LAW AND MORALITY COME TO THE ELECTRONIC FRONTIER

*As business leaders, particularly as ebusiness leaders, you will consistently be faced decisions about unregulated conduct in as yet uncharted territory.*

*William Gibson;*

*"the future is already here, it's just unevenly distributed"*

*The Law will not provide much in the way of guidance.*

*Ethics will.*

# LAW AND ORDER COME TO THE ELECTRONIC FRONTIER

## *Nothing New About the 'New Economy'?*

*From the manner in which the SEC has articulated the issues in its letter to the EITF and the manner in which the EITF has addressed them, it is difficult to conclude that the issues are really new. Most issues appear to be resolvable by applying previous accounting pronouncements to the facts and circumstances of the Internet environment. Companies operating in the fast-paced Internet environment may think that their transactions require new accounting, but this assertion of uniqueness may not be supportable.*

# LAW AND ORDER COME TO THE ELECTRONIC FRONTIER

*In sector after sector the Internet and the Global Economy (like Deadwood) get civilized.*

*Both defamation and obscenity, for example, are now clearly regulated.*

*When projected losses in tax revenue from not taxing Internet sales reach the \$2 billion range, the losses could not be ignored and a hopefully equitable solution is forthcoming. Taxation is coming!*

# BRAND PROTECTION ON THE NEW FRONTIER

*New concepts like Trademark Dilution, the Anticybersquatting Consumer Protection Act and better domain name regulation all demonstrate the spread of the rule of law.*

*The reality is that you are not going to be able to get away with much for very long. Apparent anonymity, difference in jurisdictions and questions of locating transactions in specific jurisdictions are all, through cooperation of countries, getting settled.*

# PROTECTION AND SELF HELP ON THE NEW FRONTIER

*It is common for “self-help” to appear as a precursor to further changes in the law.*

*Violence in hockey in support of the enforcement of various “rules” and “understandings” between players will inevitably lead to rule changes.*

*Law suits and prosecutions on market dominance and abuse and on issues for the regulation of competition will lead to further regulations and legislation better defining permissible competitive business strategies and practices.*

# PROTECTION AND SELF HELP ON THE NEW FRONTIER

*When a need appears in the form of vigilante activity the rule makers usually step in.*

*The ever-expanding extra territorial application of American law, a harmonisation of laws brought on first by the extension of American law and then by the adoption by local governments of laws similar if not identical to American laws and treaties for the reciprocal enforcement of laws between nations like the Berne Convention on Copyright show us the future.*

# LAW AND MORALITY COME TO THE NEW FRONTIERS

*The world is shrinking and a much smaller place.*

*We have seen once again The tragedy of the commons, the abuse of a shared resource.*

*The shared resource now, thanks to the Internet and to Globalization is the world.*

*Ideas of escaping to less regulated environments to take advantage of lower environmental standards or for the avoidance of taxes are being increasingly seen as destructive, irresponsible and negative behaviour –like peeing in the swimming pool or smoking cigars indoors.*

# DOING BUSINESS ON THE NEW FRONTIERS

*This brings us back, full circle, to ethical behaviour.*

*In making decisions in uncharted territory you cannot go wrong by acting ethically and responsibly.*

*Plan and act ethically and build trust.*

*Protect by minimizing exposure.*

*Think Structurally.*

*Go forward Strategically.*

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*The foregoing materials were extracted from Catalyst's Launchpad Program. The Launchpad Program consists of 24 detailed modules designed to help young companies build and finance and is available to all clients of Catalyst. For more information on Launchpad, how it works and what topics it covers, please refer to the Launchpad button on our website ([www.catalyst-law.com](http://www.catalyst-law.com)).*

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