



# IP Literature Watch

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This newsletter contains an overview of recent publications concerning intellectual property issues. The abstracts included below are as written by the author(s) and are unedited.

## IP & Antitrust

### **IP privateering in the markets for desktop and mobile operating systems**

Daniel L. Rubinfeld (University of California at Berkeley – School of Law; National Bureau of Economic Research (NBER); NYC Law School)

*UC Berkeley Public Law Research Paper No. 2906944*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2906944](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2906944)

Utilizing a privateering competitive strategy, firms sponsor the assertion of IP claims by third parties (patent assertion entities and others), with the ultimate objective the raising of rival competitors' costs. This paper tells the privateering story with respect to both desktop and mobile operating systems competition. It begins with Microsoft's funding of litigation against Linux – a threat to Microsoft's desktop operating system monopoly and continues to an analysis of recent competition in the smartphone space. The paper raises potential competitive concerns and related antitrust and IP enforcement issues.

### **Injunctive relief in FRAND disputes in the EU – intellectual property and competition law at the remedies stage**

Pierre Larouche (Tilburg Law and Economics Center (TILEC); College of Europe – Bruges; Tilburg University – Tilburg Law School; Center on Regulation in Europe (CERRE))

Nicolo Zingales (University of Sussex Law School; Tilburg Law and Economics Center (TILEC); Tilburg University – Tilburg Institute for Law, Technology, and Society (TILT); Stanford University – Stanford Law School Center for Internet and Society)

*TILEC Discussion Paper No. 2017-004*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2909708](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2909708)

In dealing with applications for injunctive relief by the holders of FRAND-encumbered SEPs in the course of protracted licensing negotiations, any legal system faces the challenge of reaching the proper balance between predictability for stakeholders and differentiation between possible scenarios (tough

negotiations, holdup, holdout or exclusion). In the EU, that challenge fell to be addressed first under the various national laws concerning remedies for intellectual property violations, as partially harmonized by Directive 2004/48. The outcome was not optimal. After German courts introduced competition law in the equation in *Orange Book*, the European Commission felt compelled to intervene with a different approach in *Motorola and Samsung*, leading to a reference to the CJEU in *Huawei v ZTE*. That ruling sets out an elaborate choreography that SEP holder and implementer must respect, in order to avoid breaching Article 102 TFEU or avert injunctive relief, respectively. Huawei represents a satisfactory compromise in practice, but its theoretical foundation in competition law is not solid. Subsequent case-law has unmoored Huawei from competition law and is turning it into a stand-alone *lex specialis* for injunctions in FRAND cases. In the longer run, legislative intervention might be preferable to *de facto* harmonization via competition law.

### **Why incentives for ‘patent holdout’ threaten to dismantle FRAND, and why it matters**

Richard A. Epstein (New York University School of Law)

Kayvan B. Noroozi (Noroozi PC)

*Berkeley Technology Law Journal, Forthcoming*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2913105](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2913105)

An increasing number of judges, legislators and scholars wrongly believe that the FRAND commitment was principally created to advance the interests of technology implementers, and should be interpreted by giving a presumptive preference toward those interests. That premise has led courts to take a categorically hostile view toward awarding injunctions against implementers under all circumstances. Some courts have even allowed implementers to sue innovators for making an opening licensing offer that is “too high,” without making any counteroffer. An implementer-centric view of FRAND has also caused courts to conclude that innovators are not entitled to any share of the commercial benefits arising from the standardization of their technologies.

We demonstrate that an implementer-centric view of FRAND’s origins and purposes is false. FRAND is a contractual agreement that reflects a voluntary reciprocal exchange of benefits and obligations driven by the need to solve significant coordination problems in the face of otherwise prohibitive transaction costs. As part of that bargain, innovators agree to disclose their latest, confidential discoveries to standard-development organizations, and to waive their injunction rights as to eventual patents on those discoveries, in exchange for contractual protection against patent holdout by implementers who in turn are permitted to use standard-essential patents only on their willingness to pay fair and adequate royalties for that use.

Accordingly, we stress that implementers owe a significant duty to negotiate FRAND licenses in good faith, which courts have largely overlooked and under-enforced. We demonstrate that implementers’ good faith obligations are a critical component of basic FRAND architecture that is strictly necessary to the development of innovation-driven standards. We further observe that the FRAND bargain gives implementers access to otherwise confidential discoveries — inventions too recent to be disclosed in patents or published applications. In this way, FRAND supplies a solution to an iteration of Kenneth Arrow’s paradox of information, enabling the standards development effort to yield commercial benefits that would not exist absent innovators’ voluntary participation. We show both theoretically and empirically that courts’ failure to appreciate these aspects of the FRAND bargain, combined with their over-reliance

on liability rules, i.e., damages over injunctions, incentivizes the very patent holdout problem FRAND was intended to avoid. That outcome, in turn, has motivated innovators to reduce their participation in FRAND bargains, threatening to unravel a massive innovation-commercialization marketplace, and its innumerable positive externalities to all parties.

To reverse these harms, we recommend that courts automatically issue an injunction where an implementer is found to infringe FRAND-committed patents that it did not attempt to license in good faith. We also recommend that a proper FRAND licensing rate should include some portion of the benefits achieved through standardization of the innovation(s) in question.

More broadly, we suggest that courts, policymakers, and academic commentators have wrongly favored implementation over innovation — “things” over ideas — unwisely frustrating the emergence of an “ideas economy” that correctly assigns profits to upstream innovators, and not to the low-margin firms that specialize in developing their commercial embodiments.

## IP & Innovation

### **The USPTO historical patent data files: two centuries of innovation**

Alan C. Marco (United States Patent and Trademark Office)

Michael Carly (Independent)

Steven Jackson (Government of the United States of America – Department of Transportation)

Amanda F. Myers (United States Patent and Trademark Office – Office of Chief Economist)

*Working paper*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2616724](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2616724)

Patent classification systems are largely designed for administrative purposes, limiting their value for most research purposes. To address this deficiency, Hall, Jaffe, and Trajtenberg (2001) developed a higher-level classification for the National Bureau of Economic Research (NBER) Patent Citation Data File by aggregating U.S. Patent Classification (USPC) classes into six economically relevant technology categories (and 37 sub-categories) and classified granted patents accordingly. While this classification scheme has proved useful for researchers investigating US patent grants, comparable information on pending or abandoned patent applications has been unavailable for several reasons. We apply the NBER sub-categories to published and publicly-available unpublished patent applications as well as in-force and expired patents to create the USPTO Historical Patent Data Files, four research datasets containing time series and micro-level data by NBER sub-category. These new datasets comprise annual information on patent applications, patent grants, and patents-in-force dating back to 1840. Additionally, we provide information on the monthly stocks and flows of utility patent applications and grants from 1981 to 2014. Our hope is that researchers will make use of the data files for primary analysis or as controls for other projects. These data, for the first time, provide for detailed study of patent application disposal and the complex dynamics between new filings, pendency, and abandonment. Historical data enable researchers to put into context recent trends in patenting activity, litigation, and technological change.

## **An empirical study of university patent activity**

Christopher J. Ryan Jr. (Vanderbilt University, Peabody College – Higher Education Law & Policy)

Brian L. Frye (University of Kentucky – College of Law)

*Working paper*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2915243](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2915243)

Since 1980, a series of legislative acts and judicial decisions have affected the ownership, scope, and duration of patents. These include: the Bayh-Dole Act in 1980; the extension of the maximum patent term in 1994; and the shift from a first to invent standard to a first to file system in 2011. These changes impacted academic institutions, both directly and indirectly, and have coincided with historic increases in patent activity among academic institutions.

This article presents an empirical study of how those three changes to the patent system precipitated responses by academic institutions, using spline regression functions to model their patent activity. We find that academic institutions typically reduced patent activity immediately before changes to the patent system, and increased patent activity immediately afterward, with an especially notable effect among research universities. In other words, academic institutions responded to patent incentives in a manner consistent with firm behavior, by reacting to the preferences of internal coalitions to capture unrealized economic value in intellectual property.

The response of academic institutions to patent law changes has profound implications for economic efficiency. Academic institutions are typically charitable organizations, with the charitable purpose of promoting innovation, among other things. Yet, academic institutions have responded to patent incentives by limiting access to innovation, in order to internalize economic value. Specifically, academic institutions typically transfer their patents to patent assertion entities or “patent trolls,” rather than practicing entities, producing externalities and inefficiency in the patent system.

This concern is highlighted by the Supreme Court’s recent grant of certiorari in *TC Heartland v. Kraft Foods*, in order to determine the scope of patent venue. The Court’s decision was motivated by flagrant “forum selling” in the Eastern District of Texas, which currently hears about 50% of the patent infringement actions filed in the United States, few of which have any connection to the district and most of which are filed by patent assertion entities that choose the forum based on its pro-plaintiff bias. Many observers are concerned that the concentration of patent assertion activity in the Eastern District of Texas has increased the cost of innovation. This study suggests that educational institutions may have exacerbated that problem by engaging more boldly in patent activity and ultimately transferring their patents to patent assertion entities.

## **The interconnections between entrepreneurship, science, and the patent system**

Amy L. Landers (Drexel University Thomas R. Kline School of Law)

*Utah Law Review*, Vol. 2016, No. 4, 2016

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2907214](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2907214)

The recognition that innovation drives the creation of new knowledge is both significant and an underappreciated aspect of patent theory. A full assessment of the impact of this most recent trend in patent law cannot be performed without examining the relationships between science, the patent system, and innovation within a more realistic context. To do so, the system must loosen its hold on the linear

mode, which prescribes that basic science leads to invention, which leads to innovation in that order. Rather, the interaction between science, patents and innovation is complicated, nuanced, and chaotic. More broadly, these insights allow us to think about the patent system in ways that do not echo the traditional narrative that places science and innovation at the opposite ends of a continuum. As a practical matter, this more realistic framework suggests that recent shifts in patent law can do much to foster entrepreneurial creativity. The innovation that flows from this work can, in turn, operate in ways that can ultimately drive more scientific inquiry.

## IP & Litigation

### **A look inside the Apple Watch: intellectual property rights and future legal battles**

Thomas Dubuisson (George Washington University – Law School)

*Working paper*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2918782](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2918782)

It is not just a watch. It is a masterpiece of intellectual property (IP) rights. It is not just a revolutionary product. It is the next chapter in Apple Inc.'s story.

Apple believes in technology designed for the wrist (such as a smartwatch), but also in a strong design patent protection strategy. To protect this wearable, as a result of their investment, Apple applied for and received several design patents. Every detail is protected: the drawer where the watches are shown, the bracelet, the “slide-in” interchangeable strap system mechanism, the digital crown, the display, the charger, the retail box, etc. Future innovations will however continue to copy this kind of consumer products and challenge the Courts.

In this context, developing and/or acquiring intellectual property rights may create a solid foundation for growth and success. Indeed, a winning exploitation of IP assets, including but not limited to know-how, patents, trademarks, aligned with your passion for innovation and your business strategy, may contribute to increase protection and enforcement measures against infringers and competitors.

This Note examines how a maker of wearable devices, such as Apple, can use different forms of intellectual property rights in Europe, China, and the United States, as well as other intangible assets, to protect a business product.

### **FRAND wars 2.0 – Survey of court decisions in the aftermath of Huawei/ZTE**

Peter Georg Picht (University of Zurich – Institute of Law; Max Planck Institute for Innovation and Competition)

*Wettbewerb in Recht und Praxis, Forthcoming*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2916544](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2916544)

In its landmark decision Huawei/ZTE the ECJ has sketched a conduct-based framework for negotiating FRAND licenses regarding standard-essential patents (SEPs). Many details remain unclear, though, and they keep fueling intense SEP litigation. This paper undertakes to summarize the decisions rendered by German courts in the wake of Huawei. Decisions by non-German courts are briefly listed as well. Among

the issues that have kept courts busy are the questions of whether Huawei requirements can be fulfilled even though a lawsuit has already been filed; whether a party has to comply with Huawei in spite of the other party not doing so; how and when exactly the notice of infringement and the respective licensing offers have to be communicated; whether the Huawei-rules of conduct extend to claims for damages; and how patent assertion entities are to be treated in SEP litigation. (Note: Downloadable document is in German.)

**Brief of Amicus Curiae (Frederick M. Abbott) in support of Petitioner in Impression Products v. Lexmark International, US Supreme Court, No. 15-1189, filed January 20, 2017**

Frederick M. Abbott (Florida State University – College of Law)

*Amicus Brief to U.S. Supreme Court (2017)*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2906967](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2906967)

Up until the decision of the Federal Circuit in *Jazz Photo Corp. v. International Trade Commission*, 264 F.3d 1094 (Fed. Cir. 2001), the preponderant weight of judicial authority in the United States, including of this Court, was in favor of international exhaustion of patent rights. The decision of the Federal Circuit for which certiorari has been granted, *Lexmark International, Inc. v. Impression Products, Inc.*, 816 F.3d 721 (Fed. Cir. 2016), affirms its *Jazz Photo* decision, and it would continue enabling post-sale restrictions based on patents. This Amicus urges the Court to overrule the Federal Circuit on both aspects of that decision. This means adopting a rule of international exhaustion of patent rights for the United States consistent with pre-*Jazz Photo* jurisprudence, and prohibiting post-sale restrictions based on patent.

A fundamental flaw in the approach of the Federal Circuit involves its reasoning that a rule of territoriality of patent rights precludes U.S. courts from taking into account activities of U.S. patent owners outside the United States. The international agreements governing the international patent system do not prescribe such a rule of territoriality. By recognizing that first sales under the authority of U.S. patent owners outside the United States exhaust U.S. patent rights, this Court would not in any sense be subjecting U.S. patent owners to application of foreign law, and would not be impinging on the authority of foreign sovereigns.

The rule of independence of patents prescribed by the Paris Convention for the Protection of Industrial Property provides that acts taken by patent authorities in one country do not affect patent rights in other Paris countries. Recognition by this Supreme Court that first sales in foreign countries exhaust U.S. patent rights would not affect patents granted outside the United States. The World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights permits the United States to adopt international exhaustion of patents. Contrary to the view of the Federal Circuit, three trade agreements entered into by the United States that address first sales outside the United States at most require this country to provide the means to enforce contracts limiting imports. Adoption by this Court of a rule of international patent exhaustion would not contravene any such agreement.

This Amicus supports the general case for international exhaustion of patent rights and elimination of patent-based post-sale restrictions. This Amicus has expertise in the global regulation of pharmaceutical products, including with respect to patents and other forms of intellectual property, and much of this brief addresses the exhaustion issue with respect to patented pharmaceuticals.



By allowing parallel importation of U.S.-patented pharmaceutical products, this Court would enable price competition from imported FDA-approved products manufactured outside the United States with the consent of their U.S. patent owners. The introduction of parallel import products is likely to have a modest downward pricing effect. The United States is a large pharmaceutical market, and the supply of U.S. patented pharmaceuticals from abroad is, and will remain, limited. The fact that parallel imported pharmaceutical products are likely to have a modest effect on U.S. prices is not reason to preclude them. Parallel imports may be one useful and important step toward moderating patented pharmaceutical prices in the United States.

The United States should continue to encourage low-priced supply of U.S.-patented pharmaceutical products to low income countries. Suppliers of such products may restrict exports from low income countries by contract, and such contractual provisions should be enforceable, including in the United States. Governments in low income countries may adopt legislation to limit exports of products supplied under discounted pricing programs consistently with WTO rules. If necessary, the United States could also limit imports from designated low income countries, or imports previously supplied under designated programs, under WTO rules. The United States should not forgo the benefits of a rule of international exhaustion of patent rights for the limited purpose of enabling price discrimination with respect to one specific category of products.

## IP Law & Policy

### **Top tens in 2016: patent, trademark, copyright and trade secret cases**

Stephen M. McJohn (Suffolk University Law School)

*Northwestern Journal of Technology and Intellectual Property, Forthcoming*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2907189](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2907189)

The Supreme Court issued several rulings that affect incentives in patent law. The Court relaxed the standard for the award of treble damages, narrowed the damages awards for infringement of design patents, and upheld key parts of the new procedures for challenging the validity of patents before the United States Patent and Trademark Office. After numerous decisions holding claimed inventions to be outside patentable subject matter in the wake of the Supreme Court's 2014 Alice decision, the Federal Circuit rejected some challenges on those grounds, evincing a split among the circuit's judges on the bounds of patentable subject matter. Several decisions affected legal boundaries: whether federal copyright law preempted state law rights for resale royalties and right of publicity, and whether trade secret law preempted claims for unjust enrichment. Courts continue the trend to limit injunctions, where parties have delayed or seek overbroad orders. Trademark decisions stretched the limits of the Lanham Act, to reach foreign sales of goods bought in the US and protection of foreign marks within the US, as well as triggering nationwide US trademark protection upon the most minor use of a mark. In copyright, evergreen issues include the scope of fair use and the conditions for immunity for internet service providers. Trade secret saw a new federal trade secret act, along with cases on all the major elements of trade secret misappropriation, in such areas as beehive foraging and bacon cooking.

This paper also uses the collection of cases to conjecture a little on cognitive factors that affect judicial reasoning. Judges have the same cognitive biases as other humans. We can read judicial decisions,

speculatively, with an eye toward how the judges unconsciously seek cognitive ease. The paper also discusses how the holdings of some cases may affect subsequent the decision process in some intellectual property matters.

### **How can the Supreme Court not ‘understand’ patent law?**

Greg Reilly (IIT Chicago – Kent College of Law)

*Chicago-Kent Journal of Intellectual Property*, Vol. 16, No. 2, 2017

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2919166](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2919166)

The Supreme Court does understand patent law. This invited Essay responds to Federal Circuit Judge Dyk’s remarks at the Chicago-Kent Supreme Court IP Review, in particular, his observation that the patent “bar and the academy have expressed skepticism that the Supreme Court understands patent law well enough to make the governing rules” (a view Judge Dyk did not endorse). The idea that the Supreme Court does not understand the law of patents is implausible. Even more generous interpretations of this criticism – that the Supreme Court insufficiently understands innovation policy, insufficiently understands the patent system that Congress desired in creating the Federal Circuit, or insufficiently understands the technical facts to resolve patent issues – do not hold up under closer scrutiny. Rather, those leveling this charge against the Supreme Court are mistaking policy disagreement for a lack of understanding. This mistake, even if one primarily of rhetoric, has potentially negative consequences for understanding the role of patent law, promoting productive debates about patent law and policy, and preserving the Supreme Court’s legitimacy in patent law and patent law’s (perhaps limited) contribution to the constraints imposed by legal authority in our society.

### **European Union competition law, intellectual property law and standardization**

Damien Geradin (Tilburg Law & Economics Center (TILEC); University College London – Faculty of Laws)

*Forthcoming in J. Contreras Ed., Cambridge Handbook on Technical Standardization Law (2017)*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2907632](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2907632)

This paper provides an overview of the efforts of the European Commission to identify and, when necessary, challenge anticompetitive behaviour with respect to standardization and the licensing of standardized technologies, as well as the case-law of the CJEU on the same subject. It begins by discussing the 1992 Communication on Intellectual Property Rights and Standardization, which was the first important contribution of the Commission on the complex interface between standardization, intellectual property and competition law. It then analyses the first major investigations that the Commission made into the licensing conduct of SEP holders, i.e. the proceedings against Rambus and Qualcomm. Next, it discusses the 2010 Commission Guidelines on horizontal cooperation agreements, which contain a chapter dedicated to the application of EU competition rules to standardization agreements. The paper then examines how the Commission has dealt with mergers involving firms holding large SEP portfolios, such as its Google/MMI and Microsoft/Nokia decisions respectively adopted in 2012 and 2013. The paper also analyses the Commission decisions of 2014 against Motorola and Samsung regarding the use of injunctions by SEP holders to enforce their patents against standard implementers. It also analyses the Huawei v. ZTE judgment adopted by the CJEU in 2015, in which the CJEU was asked to determine the circumstances in which SEP holders could seek injunctions against standard implementers without breaching Article 102 TFEU. The chapter then discusses several forms of



licensing or litigation conduct, which can be problematic under EU competition law, but which have not yet been dealt with by the EU courts or the Commission.

## Copyright Law

### **How Playboy photos compromised EU Copyright Law: the GS Media judgment**

Tito Rendas (Catholic University of Portugal (UCP) – Católica Global School of Law)

*Journal of Internet Law* (forthcoming)

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2920677](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2920677)

Startling at it may sound in the second decade of the 21st century, hyperlinking has lately been at the forefront of the copyright and technology debate in the EU. The latest installment in the hyperlinking saga was the CJEU's preliminary ruling in the GS Media case. The fundamental question in this reference was whether the act of hyperlinking to a freely accessible website where a copyright-protected work was made available without the rightholder's authorization should be considered an infringement of the right of communication to the public laid down in Article 3(1) of the Information Society Directive. In other words, the CJEU was asked whether the foregoing behaviour falls within the scope of the broad exclusive right of communication to the public, which includes the right of making available online.

This article aims at briefly examining the GS Media judgment. Though it raises a series of new questions – which the CJEU is likely to be prompted to answer in future references – the ruling's ultimate result is a net cast too wide. This net is likely to catch uses of works that, besides not causing any discernible harm to rightholders, are essential for the normal functioning of the Internet. Under the guise of a Solomonian judgment, GS Media will have negative effects for the access and dissemination of information in the online world.

### **Functionality and expression in computer programs: refining the tests for software copyright infringement**

Pamela Samuelson (University of California, Berkeley – School of Law)

*Berkeley Technology Law Journal*, Forthcoming

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2909152](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2909152)

Courts have struggled for decades to develop a test for judging infringement claims in software copyright cases that distinguishes between program expression that copyright law protects and program functionality for which copyright protection is unavailable. The case law thus far has adopted four main approaches to judging copyright infringement claims in software cases. One, now mostly discredited, test would treat all structure, sequence, and organization (SSO) of programs as protectable expression unless there is only one way to perform a program function. A second, now widely applied, three-step test calls for creation of a hierarchy of abstractions for an allegedly infringed program, filtration of unprotectable elements, and comparison of the protectable expression of the allegedly infringed program with the expression in the second program that is the basis of the infringement claim. A third approach has focused on whether the allegedly infringing elements are program processes or methods of operation that lie outside the scope of protection available from copyright law. A fourth approach has concentrated on whether the allegedly infringing elements of a program are instances in which ideas or functions have

merged with program expression. This Article offers both praise and criticism of the approaches taken thus far to judging software copyright infringement, and it proposes an alternative unified test for infringement that is consistent with traditional principles of copyright law and that will promote healthy competition and ongoing innovation in the software industry.

### **The impact on cultural diversity of automated anti-piracy systems as copyright enforcement mechanisms: an empirical study of YouTube's Content ID digital fingerprinting technology**

Sabine Jacques (University of East Anglia ((UEA)/CCP/CREATE)

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Morten Hviid (University of East Anglia – Centre for Competition Policy (CCP))

John Street (University of East Anglia (UEA) – Centre for Competition Policy)

*Working paper*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2902714](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2902714)

Freedom of expression is closely intertwined with the preservation and promotion of cultural diversity. Simultaneously, protection of freedom of expression is promoted as an essential foundation for democracy in a pluralistic society. Although the aim of fostering cultural diversity is widely recognised, challenges remain in analysing the relationship and interaction between cultural diversity and freedom of expression. These challenges are likely to loom large in the digital environment.

Digital technologies are changing the way cultural works are being produced, distributed and accessed, but digital technologies are also changing the way online uses of cultural work are monitored. Under the auspices of the Digital Single Market Strategy, the EU Commission has proposed a new copyright directive and intellectual property enforcement strategies. In the mind of the Commission, achieving this aim requires video-sharing platforms to embrace sophisticated technological tools, termed in this paper as 'automated anti-piracy systems' ('AAPSs'). AAPSs are capable of recognising content which right-holders have already identified as their own, and respond based upon standing instructions from the holder whether the platform should permit use or block it. The Commission is intending to endorse and render mandatory the - so far - unregulated and informal notice and take-down procedure established by private entities.

There are inherent risks in this privatisation of decision-making when digital content is blocked, filtered or removed. There is a lack of transparency in the design, implementation and use of AAPSs. This exacerbates the lack of accountability of intermediaries, and concerns that they fail to respect fundamental rights compared to in cases where the judiciary would be involved in the decision-making process.

Consequently, one may begin to wonder whether an obligation to deploy automated anti-piracy systems on online-sharing platforms might run counter to promotion of cultural diversity. By requiring private entities to determine what unauthorised use is an 'infringement', will there be enough (or any) breathing space for cultural diversity to thrive? After all, the digital environment enables distribution and communication of artistic and cultural expression across borders and cultures in an unprecedented manner. While many may have very little economic value, they may be, nevertheless, indispensable for individual fulfillment and participation in a democratic society.

Instead of considering whether the use of automated anti-piracy enforcement mechanisms is likely to violate international human rights law, this article looks at this issue from another perspective, and asks whether use of AAPs is likely to impact on cultural diversity. By promoting cultural diversity as desirable 'ends', freedom of expression and copyright become the 'means' for enhancing the interaction between cultures and thereby promotes democratic values. In this article, we discuss our empirical research which sought to assess the diversity in cultural expressions featured on video-sharing platforms.

### **Strategies for discerning the boundaries of copyright and patent protections**

Pamela Samuelson (University of California, Berkeley – School of Law)

*Notre Dame Law Review, Forthcoming*

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2908496](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2908496)

Copyright and utility patent laws have historically regulated different types of intellectual creations. Copyright protection has been available for original works of authorship, and utility patent protection for inventive technologies. Overlaps in these two types of intellectual property (IP) rights have largely been avoided through the very different statutory subject matters of each law's protection, as well as through channeling doctrines that courts have developed to manage the boundaries when statutory subject matter differences alone have not sufficed.

The copyright and utility patent regimes differ not only in their subject matters, but also in the starkly distinctive mechanisms by which protection arises and the duration for which protections last. Courts have long recognized that creators might be tempted to bypass the rigorous requirements for patenting if they could more easily and cheaply get much longer-lasting exclusive rights in their innovative products by asserting copyright in them.

Notwithstanding this temptation, it has been relatively rare for creators to assert both copyright and utility patent protections in the same intellectual creations. Yet it has happened on occasion. One such claim arose in *Baker v. Selden* whose plaintiff contended that copyright protected the novel bookkeeping system disclosed in the author's book, a system for which Selden had sought, but apparently had not obtained, a utility patent. In *Baker*, the Supreme Court rejected Selden's claim and seemingly endorsed a categorical exclusivity approach under which intellectual creations should be understood to be eligible for either copyright or utility patent protection, but not for both. The principal authority that has regarded overlapping copyright and utility patent protections to be unproblematic has been the Nimmer copyright treatise. The treatise's treatment of the copyright/utility patent overlap issue is, however, deeply flawed. Those flaws notwithstanding, the Supreme Court has been skeptical of categorical exclusivity arguments in some intellectual property (IP) cases. This skepticism suggests the need for more nuanced strategies when attempting to discern the proper boundaries of copyright and utility patent protections than the one-or-the-other-but-not-both approach endorsed in *Baker* or the overlaps-are-fine approach endorsed in the Nimmer treatise.

When presented with copyright claims as to seemingly ambiguous subject matters, such as toys, puzzles, and computer programs, courts and the Copyright Office have developed several different responses. The most common has been a layering or segmentation approach under which courts treat some aspects of an intellectual creation as protectable by copyright law (e.g., an original drawing of a

parachute), while other aspects may be protectable, if at all, by utility patents (e.g., design of a parachute). But five other strategies for determining copyright and utility patent boundaries are evident in the literature, each of which has sought to preserve separate and distinct domains for copyright and utility patent protections.

## IP & Asia

### **Intellectual property rights in agricultural biotechnology and access to technology: a critical appraisal**

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[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2912935](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2912935)

IP protection to agricultural biotechnology has remained a contentious issue in India having serious implications for stakeholders and agricultural innovation. Farmers and plant breeders made strong resistance against the extension of IP monopoly to agriculture sector and were sceptical that their rights could be compromised against the interest of giant agro-based companies. However, the growing need to enhance food production, improve the quality of seeds, experiment the nutritional content of food crops and attract investment in agricultural field necessitated the conjunction of IPR and agricultural biotechnology. India has adopted a dual form of IP protection for agricultural biotechnology; plant varieties are protected through the Protection of Plant Variety and Farmers' Rights Act 2001, while the genetic traits of plants are protected through the Patents Act 1970. Though the line of demarcation as to the application of both the laws is theoretically drawn, enormous confusion persists on practical level. The IP protection to agricultural biotechnology has not produced desired results in India due to asymmetrical innovation model, complex regulatory structure and confusing regulatory approach. The exclusive licensing practices with exorbitant licensing fee on uneven licensing terms place licensor, licensee and end user in a conflicting position and raise the issues of accessibility and affordability of technology.

### **Regime shifting of IP law making and enforcement from the WTO to the international investment regime**

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[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2914650](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2914650)

This article provides new insight to regime shifting and regime complexes through one of the first detailed analysis of the regime shift in intellectual property law making and enforcement from the World Trade Organization to international investment law. Unlike prior cases of regime shifting that have predominantly focused on the efforts of States and NGOs creating counter-norms viz-a-viz those of the WTO's TRIPS Agreement, the current regime shift is primarily engineered by multinational corporations seeking to destabilize TRIPS flexibilities through investor-state arbitration. Since defending these cases costs countries millions of dollars, this regime shift to investor state arbitration has a significant chilling effect on the regulatory authority of states. We argue and show that by bringing or threatening to bring

investor-state litigation to protect their IP rights against countries seeking to protect public health, pharmaceutical and tobacco companies pose a serious threat to the sovereignty of countries to implement the TRIPS Agreement in a manner that balances IP rights against values such as access to affordable medicine. As a consequence this Article argues that this regime shift is significant not only for developing countries, but for developed countries, such as Canada, Australia, and members of the European Union as well. The last part of the article proposes solutions to the challenges that this regime shifting raises. The first set of proposals recommend defining and clarifying key terms in investment treaties to minimize harm to domestic sovereignty as well as to maximize flexibilities under the TRIPS Agreement. The second set of proposals recommend improving the investment dispute process through a variety of reforms.

## Other IP Topics

### [Who Owns Gene Editing? Patents in the Time of CRISPR](#)

Jacob S. Sherkow (New York Law School)

*Biochemist*, Vol. 38, p. 26 (2016)

[https://papers.ssrn.com/sol3/papers2.cfm?abstract\\_id=2915853](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2915853)

New gene-editing technologies, like CRISPR, promise revolutionary advances in biology and medicine. However, several patent disputes in the USA and UK may have complicated who can use CRISPR. What does this mean for the future of gene editing?

#### **About the editor**

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