



# IP Literature Watch

**CRA** Charles River  
Associates

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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

### **Technology standards and standard setting organizations: introduction to the Searle Center Database**

Justus Baron (Northwestern University – Searle Center for Law, Regulation and Economic Growth; Mines ParisTech, PSL – Cerna)

Daniel F. Spulber (Northwestern University – Kellogg School of Management)  
*Northwestern Law & Econ Research Paper No. 17-16*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3073165](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3073165)

This article describes the Searle Center Database on Technology Standards and Standard Setting Organizations (SSO). This database combines comprehensive information on technology standards, SSO membership and SSO characteristics in a format designed for economic research. In particular, the database includes data on quantifiable characteristics of 797,711 standard documents issued by 615 SSOs, institutional membership in a sample of 191 Standards Organizations, and the rules of 36 SSOs on standard adoption procedures, standard-essential patents (SEP), participation and openness. Using the Internet Archives, we track both institutional membership and the SSO rules and procedures over time since the inception of the Archives in 1996. We identify 69,572 entities participating in at least one Standards Organization. The paper describes how to combine this data with other new databases on standard-related patents and standardization processes at 3GPP; and sketches avenues for empirical research.

### **The Department of Justice's long-awaited and much needed course-correction on FRAND-assured standard-essential patents**

Douglas H. Ginsburg (U.S. Court of Appeals for the District of Columbia Circuit; George Mason University – Antonin Scalia Law School, Faculty)

Koren W. Wong-Ervin (Qualcomm Incorporated)

*Competition Policy International, Forthcoming*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3073635](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3073635)

On November 10, 2017, the Assistant Attorney General (AAG) for the Antitrust Division of the Department of Justice, Makan Delrahim, announced a crucial course-correction for policies involving standard-essential patents (SEPs) that a patent holder has voluntarily committed to license on fair, reasonable, and non-discriminatory (FRAND) terms. This short article touches on the central policy implications of the AAG's remarks, namely: (1) the cabining of the Division's 2015 Business Review Letter (BRL) to the Institute of Electrical and Electronics Engineers (IEEE) on the amendments to its IPR policy; (2) the strong message both at home and abroad that U.S. antitrust law generally does not reach the seeking or enforcing of injunctive relief or breach of a FRAND commitment; and (3) the shift in enforcement priorities from concerns about unilateral holdup by patent holders to collective holdout by implementers.

### **How antitrust law can make FRAND commitments more effective**

A. Douglas Melamed (Stanford Law School)

Carl Shapiro (University of California, Berkeley – Haas School of Business)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3075970](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3075970)

In this article, we argue that the antitrust laws have an important role to play in ensuring that the rules established by standard-setting organizations are effective in preventing the owners of standard-essential patents from engaging in patent holdup after the standard is established and becomes commercially successful. These organizations and their members can violate Section 1 of the Sherman Act if the rules adopted are ineffective in preventing the owners of standard-essential patents from exploiting the ex post monopoly power they gain because of the standard.

### **IP LeadershIP Brussels: highlights and economic analysis**

Kirti Gupta (Qualcomm Incorporated)

Koren W. Wong-Ervin (Qualcomm Incorporated)

Joseph V. Coniglio (Wilson Sonsini Goodrich & Rosati)

Dylan P. Naegele (George Mason University – Antonin Scalia Law School, Students)

*Forthcoming in Competition Policy International*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3066384](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3066384)

In September 2017, IP LeadershIP held its first conference in Europe. The event, which was attended by government enforcers and policymakers, practitioners, and scholars, featured diverse views on topics such as:

- The importance of striking the right balance between the interests of technology contributors and technology implementers;
- Possible adverse consequences on innovation and prices for consumers of deterring participation in open, collaborative standards;
- The role (if any) of governments in shaping the intellectual property rights (IPRs) policies of private standard-development organizations (SDOs);
- Proper antitrust analysis in matters involving standard-essential patents (SEPs) where a patent holder has made a commitment to license on fair, reasonable, and nondiscriminatory (FRAND) terms;

- Whether small and medium-sized enterprises (SMEs) are able to meaningfully participate in, and benefit from, standard-development activities; and
- The issue of at what level in the distribution chain licensing should occur, particularly for the Internet of Things (IoT).

This article provides key highlights from the conference, as well as economic analyses of the various topics discussed.

## IP & Licensing

### Licensing speed: its determinants and payoffs

Karen Elizabeth Ruckman (Simon Fraser University – Beedie School of Business)

Ian P. McCarthy (Simon Fraser University – Beedie School of Business)

*Journal of Engineering and Technology Management, 2017*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3066935](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3066935)

There has been much research interest in the speed of innovation, although few consistent findings have emerged. In this study, we unpack the innovation process and focus on the commercialization stage to examine two questions: Which licensor and patent characteristics determine the speed of licensing? How does the speed of licensing impact the royalties and lump-sum payments to licensors? We addressed these questions by proposing that licensing speed is influenced by variables for licensor prominence (size and experience), licensor knowledge structuration (technological depth, technological breadth and experience), and patent appeal (forward citations, scope and complexity). We predict and find that these variables work to increase the size, complexity and duration of the licensing-out task, while also allowing licensors to take their time to review, negotiate and select agreements with higher royalty rates. These findings are counter to arguments for a fast-paced innovation strategy, as it suggests that for the commercialization stage of the innovation process the relationship between licensing speed and licensor royalty rates rewards a ‘less haste, greater payoff’ approach.

### Licensing at all levels is the rule under the ETSI IPR Policy: a response to Dr. Bertram Huber

Karl Heinz Rosenbrock (Independent)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3064894](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3064894)

As the former Director-General of the European Telecommunications Standards Institute (ETSI), Mr. Rosenbrock has followed with interest the various discussions and disputes regarding the application of the ETSI IPR Policy. The ETSI IPR Policy was drafted, debated and finalized during his tenure, and he was closely involved in its creation and approval and has followed further discussions within ETSI.

In a recent paper, Mr. Rosenbrock explained that a promise to license Standard Essential Patents (SEPs) on fair, reasonable and non-discriminatory (FRAND) terms and conditions, under the ETSI IPR Policy, “allows every company that requests a license to obtain one, regardless of where the prospective licensee is in the chain of production and regardless of whether the prospective licensee is active upstream or downstream”.

Dr. Bertram Huber wrote a response to this paper, on behalf of a group of SEP owners called IP Europe.

Mr. Rosenbrock's new paper rebuts the arguments of Dr. Huber and those who seek to undermine the principle of "licensing at all levels". In particular, the paper confirms:

- First, that a promise to license SEPs on FRAND terms and conditions, under the ETSI IPR Policy, allows every company that requests a license to obtain one, regardless of whether the prospective licensee is active upstream or downstream;
- Second, that companies like Ericsson and Qualcomm, which now oppose upstream licensing of SEPs, for many years supported it; and
- Third, that "end-use royalties" could be misused to pervert the "license to all" principle.

## IP & Innovation

### **Open(ing) IP: the effects of patent non-assertion on innovation**

Shirish Sundaresan (University of North Carolina at Chapel Hill – Kenan-Flagler Business School)

Deepak Jena (University of North Carolina at Chapel Hill – Kenan-Flagler Business School, Students)

Atul A. Nerkar (University of North Carolina at Chapel Hill – Kenan-Flagler Business School)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3075251](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3075251)

Innovation has long been seen as the engine of economic growth. But as barriers to innovation such as patent thickets and patent litigation have risen dramatically in recent years, firms are beginning to examine the role that patents play in driving innovation. We examine how shifts in a firm's intellectual property (IP) strategy can affect future innovation. In particular, we investigate whether or not a firm's IP strategy can spur follow-on or generative innovation that builds upon its inventions. Our paper looks at one aspect of an open IP strategy (i.e. patent non-assertion pledges) affects the rate and type of future innovation. We study open IP strategy in the context of the Patent Commons (a set of patent non-assertion pledges) formed in 2005 by IBM. In the period following the formation of the Commons, we find that there is a 24% decrease in the average yearly forward citation rate. However, the effects of patent pledges are most strongly evidenced in the citations made by external inventors. Average annual external citations decrease by 27% following the patent pledge. We find that IBM's shift towards a Patent Non-Assertion strategy led to a decrease in the use of pledged intellectual property in future generative innovation.

### **The Federal Circuit's procedural 'choice-of-law' policy as substantive patent lawmaking**

Jennifer E. Sturiale (Georgetown University Law Center)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3068133](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3068133)

Scholars and commentators have criticized the Federal Circuit for its "patent exceptionalism" jurisprudence that treats patents and patent law as exceptions to otherwise generally applicable legal principles and doctrines. For example, the Federal Circuit's jurisprudence with respect to issues of standing, remedies, and review of administrative agencies is inconsistent with those issues as they relate to other bodies of law.

Yet these critics have all but ignored an even more unusual practice of the Federal Circuit in which it engages in a “choice-of-law” analysis in patent cases. The court’s choice-of-law policy considers not which of two or more states’ or nations’ laws it should apply, but rather which court of appeals’ law to apply—its own law or the law of the regional circuit court from which the case originated.

The Federal Circuit’s jurisdiction is unique. Unlike all other U.S. courts of appeals, the Federal Circuit’s jurisdiction is defined not by its geographical location, but rather by the subject matter of the original claim. The Federal Circuit has appellate jurisdiction over final decisions from all U.S. district courts if the plaintiff’s claims or a party’s counterclaims arise under the patent laws. From this unusual jurisdictional grant, the Federal Circuit has concluded that, as a policy matter, it should apply and develop its own law only if the legal issue pertains to patent law. For all other legal issues, the Federal Circuit defers to the law of the court of appeals from which the case originated—i.e., it applies the procedural law and the non-patent substantive law of the other courts of appeals.

In this Article, I argue that the Federal Circuit should abandon this practice with respect to issues of procedural law and do what all other courts of appeals do—independently develop and apply its own law. Neither the enabling statute that created the Federal Circuit nor the court’s jurisdictional statute support the court’s choice-of-law policy. In addition, no other U.S. court engages in an analogous practice. More importantly, by drawing a line between “procedural” and “substantive” legal issues and deferring to the law of the regional circuit court on those issues that are arguably procedural, the court is failing to fulfill its mandate to develop patent law in a uniform manner and is overstepping its substantive lawmaking authority.

## IP & Litigation

### **Brief for 72 professors of intellectual property law as amici curiae in support of respondents in *Oil States Energy v. Greene's Energy***

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Mark A. Lemley (Stanford Law School)

Arti K. Rai (Duke University School of Law; Duke Innovation & Entrepreneurship Initiative)

*Stanford Public Law Working Paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3062262](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3062262)

This is a brief of 72 IP professors opposing the claim in *Oil States* that the IPR procedure is unconstitutional.

Petitioner argues that only a court – indeed, only a jury – has the power to decide that the United States Patent and Trademark Office erred in granting a patent. That argument flies in the face of the history of patent law and this Court’s precedents.

Patents are a creature of statute: as early as 1834, this Court specifically recognized that there is no “natural” or common law right to a patent. Rather, under its Article I power to establish a patent system, Congress is charged with determining the contours of the patent grant. Congressional power to establish the terms and conditions of the patent grant includes the power to establish a system for administrative correction of erroneously granted patents.

PTAB error correction is also narrow in scope, targeted towards bad patents that district court litigation would not address, and only a modest extension of prior administrative correction proceedings. Moreover, even this narrow scope is subject to significant appellate court control. PTAB review thus addresses the social cost of erroneous patent grants without threatening Article III values.

The Seventh Amendment does not compel a different conclusion. While patent infringement cases were tried to juries at common law, both the government and judges retained the power to revoke patents in England and in the early United States. When patent validity questions were considered in American courts throughout history, they were frequently considered by judges, not juries. And court consideration of patent validity issues coexisted with actions by the legislative and executive branches to revoke patents, actions which of course did not require a jury. While this Court need not reach the Seventh Amendment issue in order to dispose of petitioner's claims, should it reach that issue it should make clear that the Seventh Amendment does not create a right to jury trial on patent validity.

### **'Troll' check? A proposal for administrative review of patent litigation**

Lauren Cohen (Harvard Business School; National Bureau of Economic Research (NBER))

John M. Golden (University of Texas at Austin – School of Law)

Umit G. Gurun (University of Texas at Dallas)

Scott Duke Kominers (Harvard University)

*97 Boston University Law Review 1775 (2017)*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3069819](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3069819)

The patent system is commonly justified as a way to promote social welfare and, more specifically, technological progress. For years, however, there has been concern that patent litigation is undermining, rather than furthering, these goals. Particularly in the United States, the time, cost, and complications of patent suits provide openings for opportunistic assertions of infringement.

This Article proposes a way to address information problems that facilitate opportunistic assertion: an automatic process of administrative review at the threshold of infringement lawsuits in U.S. district courts. The results of this review would be non-binding but admissible in later court proceedings. Whether conducted by an independent Patent Litigation Review Board or a division of the U.S. Patent and Trademark Office, such review would: (1) help discourage -- or bring to an earlier and less costly end -- relatively weak patent-infringement lawsuits; (2) strengthen the litigation and bargaining positions of patentees with especially robust cases; (3) flag weaknesses in litigation positions to the benefit of private parties and the courts; and (4) provide policymakers with information that facilitates evaluation and adjustment of patent system performance. This Article uses multiple economic models to show the likely benefits of early-stage administrative review. Nonetheless, because of the fluid and complex nature of the patent litigation landscape, this Article proposes that the review process initially be adopted on a pilot basis.

### **Trolls, nuisance suits, and the FTC**

Matthew L. Spitzer (Northwestern University School of Law)

*Northwestern Law & Econ Research Paper No. 17-14*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3064104](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3064104)

The FTC's Patent Assertion Entity Activity Report includes a path-breaking collection of data. Because of the FTC's ability to force businesses and individuals to provide information, a power that no ordinary

researcher possesses, the FTC has amassed a data set that can potentially be of great value. For example, the Report's description of litigation PAEs and portfolio PAEs structure and behavior is, although not entirely new, very instructive. Unfortunately, the FTC made analytical errors that precludes using its work to directly support policy prescriptions. First, the FTC claims that if a suit settles for less than \$300,000 then the suit was likely Negative Expected Value. In addition, the FTC claims that Negative Expected Value suits are bad. These claims are false. Second, the FTC's policy recommendations have no connection to any of its factual analysis. And so, in terms of providing normative guidance, the Report is a failure.

### **The heart of TC Heartland: going to the defendant's home**

Jeffrey I. D. Lewis (Norton Rose Fulbright US LLP; Benjamin N. Cardozo School of Law)

Jonathan DeFosse (Independent)

Ryan Fabre (Independent)

*AIPLA Annual Meeting (Oct. 2017)*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3062034](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3062034)

"Venue" refers to the neighborhood where an injury is declared to have been done, while "jurisdiction" refers to the authority of the court to decide a dispute; in other words venue goes to the convenience of the parties while jurisdiction to the power of the court to adjudicate a matter. While the concepts of venue and jurisdiction often are conflated, the two are very different.

Despite these theoretical differences, Congress merged the two concepts for the statute governing venue in general civil litigation, such that for those purposes venue and personal jurisdiction have been coextensive for many years. This caused most patent practitioners, and even the Federal Circuit, to understand that the general venue statute provisions of 28 U.S.C. § 1391 (entitled "Venue generally") inform the application of the more specific venue statute for patents, copyrights, mask works and designs (28 U.S.C. § 1400). Earlier this year the Supreme Court's TC Heartland decision significantly changed that understanding.

## **IP Law & Policy**

### **Order without intellectual property law: open science in influenza**

Amy Kapczynski (Yale University – Law School)

*Cornell Law Review, Vol. 102, No. 6, 2017*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3066162](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3066162)

Today, intellectual property (IP) scholars accept that IP as an approach to information production has serious limits. But what lies beyond IP? A new literature on "intellectual production without IP" (or "IP without IP") has emerged to explore this question, but its examples and explanations have yet to convince skeptics. This Article reorients this new literature via a study of a hard case: a global influenza virus-sharing network that has for decades produced critically important information goods, at significant expense, and in a loose-knit group — all without recourse to IP. I analyze the Network as an example of "open science," a mode of information production that differs strikingly from conventional IP, and yet that successfully produces important scientific goods in response to social need. The theory and example developed here refute the most powerful criticisms of the emerging "IP without IP" literature, and provide a stronger foundation for this important new field. Even where capital costs are high, creation without IP

can be reasonably effective in social terms, if it can link sources of funding to reputational and evaluative feedback loops like those that characterize open science. It can also be sustained over time, even by loose-knit groups and where the stakes are high, because organizations and other forms of law can help to stabilize cooperation. I also show that contract law is well suited to modes of information production that rely upon a “supply side” rather than “demand side” model. In its most important instances, “order without IP” is not order without governance, nor order without law. Recognizing this can help us better ground this new field, and better study and support forms of knowledge production that deserve our attention, and that sometimes sustain our very lives.

### **Artificial intelligence, big data and intellectual property: protecting computer-generated works in the United Kingdom**

Ryan Abbott (University of Surrey School of Law; University of California, Los Angeles – David Geffen School of Medicine)

*Research Handbook on Intellectual Property and Digital Technologies (Tanya Aplin, ed), Edward Elgar Publishing Ltd, Forthcoming*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3064213](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3064213)

Big data and its use by artificial intelligence (AI) is changing the way intellectual property is developed and granted. For decades, machines have been autonomously generating works which have traditionally been eligible for copyright and patent protection. Now, the growing sophistication of AI and the prevalence of big data is positioned to transform computer-generated works (CGWs) into major contributors to the creative and inventive economies. However, intellectual property law is poorly prepared for this eventuality. The UK is one of the few nations, and perhaps the only EU member state, to explicitly provide copyright protection for CGWs. It is silent on patent protection for CGWs.

This chapter makes several contributions to the literature. First, it provides an up-to-date review of UK, EU and international law. Second, it argues that patentability of CGWs is a matter of first impression in the UK, but that CGWs should be eligible for patent protection as a matter of policy. Finally, it argues that the definition of CGWs should be amended to reflect the fact that a computer can be an author or inventor in a joint work with a person.

### **Business methods, technology, and discrimination**

Daniel Harris Brean (The University of Akron School of Law; The Webb Law Firm)

*Michigan State Law Review, Vol. 2018, No. 2, Forthcoming*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3071000](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3071000)

The United States is obligated under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) treaty to make patent rights available and enjoyable without discrimination as to the “field of technology” of the invention. No specific areas of technology may be singled out for unjustified special treatment. Yet the United States is doing just that with respect to computer-implemented business methods. Doctrinally, such methods are subject to an especially high bar for patentability. Statutorily, patents on such methods may be challenged in invalidity proceedings that are exclusively available for so-called “covered business method patents.” The law seems to reflect a skepticism that computer-implemented business methods should be broadly eligible for patenting, as well as a distaste for how many owners of such patents have enforced their rights. While these may be real problems and serious policy challenges, blatant discrimination by technological field is not a proper solution.

The United States' handling of computer-implemented business methods goes far beyond the kind of justifiable differential treatment that TRIPS tolerates. In the pharmaceutical context, for example, the inventions are subject to unique regulations and market restrictions. A country's patent laws may properly extend the term of a drug patent to offset a lengthy regulatory review period, or may properly allow generic drug makers to begin seeking their own regulatory approval during the patent term. For computer-implemented business methods, the legal differences in treatment correspond to no specific aspects of the subject matter, but arguably reflect broader problems in the United States patent system concerning patent examination quality and litigation abuse.

None of this discrimination is in violation of the treaty, however, unless computer-implemented business methods are a "field of technology" under TRIPS. Congress and the USPTO have ostensibly assumed not, focusing on the fact that such methods use existing computer technology but do not create new computer technology per se. But that goes to how inventive the method is, not whether it is technological. The text of the treaty, the pre- and post-ratification conduct of the member countries, and the historical and normative context all suggest that computer-implemented business methods are indeed technological. While the computerization of such processes is not usually inventive enough to ultimately be patented, employing computers for practical business purposes nonetheless brings such methods within the scope of the treaty and deserving of nondiscriminatory treatment. As the United States considers more changes to the availability and enjoyment of patent rights, it should discontinue this discrimination.

### Intelligent design

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Mark A. Lemley (Stanford Law School)

Jonatahn S. Masur (University of Chicago – Law School)

*Stanford Law and Economics Olin Working Paper No. 509*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3062951](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3062951)

When designers can obtain exclusive intellectual property (IP) rights in the functional aspects of their creations, they can wield these rights to increase both the costs to their competitors and the prices that consumers must pay for their goods. IP rights and the costs they entail are warranted when they serve as needed incentives to encourage designers to invest in creating new socially valuable designs. But the law must be wary of allowing rights to be misused. Accordingly, IP law has employed a series of doctrinal and costly screens to channel designs into the appropriate regime — copyright law, design patent law, or utility patent law. Unfortunately, those screens are no longer working. Designers are able to obtain powerful IP protection over the utilitarian aspects of their creations without demonstrating that they have made socially valuable contributions and without paying substantial fees that weed out weaker designs. This is bad for competition and bad for consumers.

In this article, we integrate theories of doctrinal and costly screens, and we explore their roles in channeling IP rights. We demonstrate how these two types of screens can serve as complements in the efficient regulation of design protection, and we illustrate the inefficiencies that have arisen through their misapplication in copyright and design patent laws. Finally, we propose a variety of solutions that would move design protection towards a successful channeling regime, balancing the law's needs for incentives and competition. Those proposals include improving doctrinal screens to weed out functionality, making design protection more costly, and preventing designers from obtaining multiple forms of protection for the same design.

# Copyright Law

## **Liability for providing hyperlinks to copyright-infringing content: international and comparative law perspectives**

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*Columbia Public Law Research Paper No. 14-563*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3068786](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3068786)

Hyperlinking, at once an essential means of navigating the Internet, but also a frequent means to enable infringement of copyright, challenges courts to articulate the legal norms that underpin domestic and international copyright law, in order to ensure effective enforcement of exclusive rights on the one hand, while preserving open communication on the Internet on the other. Several recent cases, primarily in the European Union, demonstrate the difficulties of enforcing the right of communication to the public (or, in US copyright parlance, the right of public performance by transmission) against those who provide hyperlinks that effectively deliver infringing content to Internet users. This article will first address the international norms that domestic laws of states member to the multilateral copyright agreements must implement. It next will explore how two of the most significant regional or national copyright regimes, the EU and the US, have coped with the question of linking, and then will consider the relationship of the emerging approaches to copyright infringement with national and regional laws instituting limited immunity for copyright infringements committed by internet service providers. We will conclude with an assessment of the extent to which the outcomes under US and EU regimes, despite their apparently different approaches, in fact diverge.

## **Scholarly concerns about a proposed small copyright claims tribunal**

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Kathryn Hashimoto (University of California, Berkeley – School of Law)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3060796](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3060796)

Bills recently introduced in the House of Representatives, in 2016 and again in 2017, would implement a proposal by the U.S. Copyright Office to establish a small claims tribunal within the Office. The Copyright Alternatives in Small-Claims Enforcement (CASE) Act of 2017, H.R. 3945, would authorize creation of a centralized tribunal system to adjudicate small copyright infringement claims as well as abuse of notice-and-takedown claims under 17 U.S.C. § 512(f). The bill, like its predecessors in 2016, is largely based on draft legislation developed by the Copyright Office in its 2013 Report on Copyright Small Claims.

Recognizing that enactment of legislation of this sort may have profound effects on copyright in the U.S., the Berkeley Center for Law & Technology (BCLT) and UC Hastings College of the Law convened a workshop In February 2017. Eighteen scholars specializing in economics, civil procedure, and intellectual property law discussed the small copyright claims legislation contemplated in the Copyright Office Report and the bills introduced in 2016. This report describes the range of issues discussed.

Reservations expressed at the workshop fell into six principal categories: 1) constitutionality concerns; 2) breadth of jurisdiction; 3) process concerns about claiming, adjudicating, and appealing the outcomes if the proposal was enacted as is; 4) potential for abuses; 5) underexplored alternatives; and 6) larger questions about the proposal, including whether copyright is so special that it should have a tribunal of its

own, given that many federal laws are underenforced because of the high costs of litigation.

The range and seriousness of concerns lead to the conclusion that further consideration is warranted before moving forward with proposed legislation.

### **Data portability and data control: lessons for an emerging concept in EU Law**

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Martin Husovec (Tilburg University – Tilburg Institute for Law, Technology, and Society and Tilburg Law and Economics Center; Stanford University – Stanford Law School Center for Internet and Society)  
Nadezhda Purtova (Tilburg University – Tilburg Institute for Law, Technology, and Society)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3071875](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3071875)

The right to data portability ('RtDP') introduced by Article 20 of the General Data Protection Regulation ('GDPR') is a first regulatory attempt to establish a general-purpose control mechanism of horizontal application which mainly aims to facilitate reuse of personal data held by private companies. Article 20 GDPR is agnostic about the type of use that follows from the ported data and its further diffusion. This contrast with forms of portability facilitated under competition law which can only occur for purpose-specific goals with the aim of addressing anticompetitive behaviour. Unlike some upcoming initiatives, the RtDP still cannot be said to create ownership-like control over ported data. Even more, this regulatory innovation will be limited in its aspirations where intellectual property rights of current data holders, such as copyright, trade secrets and sui generis database rights, cause the two regimes to clash. In such cases, a reconciliation of the interests might confine particularly the follow-on use of ported data again to specific set of socially justifiable purposes, possibly with schemes of fair remuneration. We argue that to the extent that other regimes will try to replicate the RtDP, they should closely consider the nature of the resulting control, its breadth and its impact on incentives to innovate. In any case, the creation of data portability regimes should not become an end in itself. With an increasing number of instruments, orchestrating the consistency of legal regimes within the Digital Single Market and their mutual interplay should become an equally important concern.

## **IP & Asia**

### **Many things you know about patent infringement litigation in China are wrong**

Renjun Bian (University of California, Berkeley – School of Law)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3063566](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3063566)

As the Chinese government continues to stimulate domestic innovation and patent activities via a variety of policies, China has become a world leader in both patent applications and litigation. These major developments have made China an integral venue of international patent protection for inventors and entrepreneurs worldwide. However, due to the lack of judicial transparency before 2014, westerners had virtually no access to Chinese patent litigation data and knew little about how Chinese courts adjudicated patent cases. Instead, outside observers were left with a variety of impressions and guesses based on the text of Chinese law and the limited number of cases released by the press. Taking advantage of ongoing judicial reform in China, including mandated public access to all judgments made since January 1, 2014 via a database called China Judgements Online (CJO), this paper analyzes 1,663 patent

infringement judgments – all publicly available final patent infringement cases decided by local people's courts in 2014. Surprisingly, many findings in this paper contradict long-standing beliefs held by westerners about patent enforcement in China. One prominent example is that foreign patent holders were as likely to litigate as domestic patent holders, and received noticeably better results – higher win rate, injunction rate, and average damages. Another example is that all plaintiffs won in 80.16% of all patent infringement cases and got permanent injunctions automatically in 90.25% of cases whose courts found patent infringement, indicating stronger patent protection in China than one might expect.

### **Patentability criteria and the 'utility' of section 3(D): from 'strong' IP regimes to 'stronger' R&D regimes**

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*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3068706](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3068706)

It is not uncommon to hear the terms 'weak' or 'strong' appended to patent laws of developing versus developed countries. The common trend is to label regimes that grant a broad scope of protection (including the term and type of protection) to inventors as 'strong' systems, and label those that grant a narrow or more limited scope of protection, as 'weak' systems. What is missed in this debate of 'weak' versus 'strong' is the impact of the patent system on the nature and quality of R&D on the one hand, and on the nature and quality of innovations resulting from such R&D on the other. In this context, a more worrying trend is the grant of patents to improved versions of existing pharmaceutical compounds, even while these improved versions do not bring any added value to the consuming public.

Using the example of section 3(d) of the Indian patents act, recent landmark cases decided thereunder, as well as a recent controversy involving a blockbuster drug, the paper argues that patent law and policy, to the extent that it acts as a signal for the direction and scope of R&D encouraged by the State/society in question, must raise the bar on the standard of novelty, non-obviousness and utility expected from inventions, in return for the exclusivity granted to them. The paper further argues that the basis on which regimes are currently labelled as 'weak' or 'strong' needs to be reversed and re-thought if the society wishes to overcome problems ranging from patent thickets to evergreening.

### **Section 4.1: evaluation of China's substantive intellectual property laws for innovation**

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*Evaluation of China's intellectual property regime for innovation. Report for the World Bank*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3067916](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3067916)

China's intellectual property (IP) laws and regulations have improved significantly over the years, and currently are generally in line with international standards. The first of these reforms were primarily made to comply with international IP treaties and in response to foreign pressure; however, more recent IP law reforms are more geared to provide a stronger appropriability environment for domestic Chinese firms who now have greater technological capabilities for innovation.

However, key aspects of substantive Chinese IP law still contribute to an appropriability environment that is below optimal for enabling innovation. Potentially problematic provisions in the draft Patent Law include the expansion of power for provincial/local administrative authorities to impose fines in patent disputes, compulsory licensing provision for SEPs, and the approach to ISP liability. Sub-optimal

provisions in the Anti-Unfair Competition Law include a low cap for statutory damages, lack of procedures to prevent second disclosure in litigation, and lack of provisions to handle new types of unfair competition activities. China's legal framework for plant variety protection is sub-optimal as China has not yet acceded to UPOV '91. The Law on Scientific & Technological Progress includes ambiguous provisions on situations where the state may restrict licensing of IP derived from state-funded research. The Trademark Law includes vague standards about likelihood of confusion and the good faith principle. Potentially sub-optimal provisions in Copyright Law include a low cap on statutory damages, limited rights for performers and record producers to collect remuneration, an unbalanced mandatory licensing system, rigid fair-use system, and lack of an effective way to exploit "orphan works". A complex web of state administration for different aspects of GIs undermines efficient and effective protection of the rights. Potentially sub-optimal provisions in China's integrated circuits legislation include ambiguous rules on the scope of protection of integrated circuits and the ex officio invalidation procedure for the rights.

## Other IP Topics

### **May your drug price be ever green**

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*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3061567](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3061567)

Why do drug prices remain so high? Even in sub-optimally competitive markets such as health care, one might expect to see some measure of competition, at least in certain circumstances. Although anecdotal evidence has identified instances of evergreening, which can be defined as artificially extending the protection cliff, just how pervasive is such behavior? Is it simply a matter of certain bad actors, to whom everyone points repeatedly, or is the problem endemic to the industry?

This study examines all drugs on the market between 2005 and 2015, identifying and analyzing every instance in which the company added new patents or exclusivities. The results show a startling departure from the classic conceptualization of intellectual property protection for pharmaceuticals. Key results include: 1) Rather than creating new medicines, pharmaceutical companies are recycling and repurposing old ones. Every year, at least 74% of the drugs associated with new patents in the FDA's records were not new drugs coming on the market, but existing drugs; 2) Adding new patents and exclusivities to extend the protection cliff is particularly pronounced among blockbuster drugs. Of the roughly 100 best-selling drugs, almost 80% extended their protection at least once, with almost 50% extending the protection cliff more than once; 3) Once a company starts down this road, there is a tendency to keep returning to the well. Looking at the full group, 80% of those who added protections added more than one, with some becoming serial offenders; 4) The problem is growing across time.

### **Investor-state dispute settlement: human rights and regulatory lessons from Lilly v. Canada**

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*UC Irvine Law Review (2018 Forthcoming)*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3061996](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3061996)

The triangular interface between trade, IP and human rights has yet to be fully formed, both doctrinally

and normatively. Adding investor-state dispute-settlement (ISDS) to the mix increases the complexity of the equations to solve. Two resultant issues are explored in this Article. First, the Article considers ways in which broader public interest considerations-in particular human rights -- can and should be factored into determinations of a state's action compatibility with its trade obligations and commitments in a state-to-state dispute-settlement context. Second, the Article examines whether doctrinal tools used in state-to-state trade dispute-settlement to make room for public interest considerations port to the investment/ISDS context. The Article uses the recent Lilly v Canada case as backdrop to illustrate the points made. The Lilly case dealt with an ISDS complaint filed after the revocation of two Canadian patents on pharmaceutical products. The Article approaches the above-mentioned triangular interface from a policy perspective that factors in innovation and investment protection but also public health, a policy area supported by a human right (to health) and in which states need regulatory autonomy.

### **Patents as collateral assets in the wake of the global financial crisis**

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*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3060689](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3060689)

In this paper, the practice of using patents as collateral for debt has been studied. To this aim, the USPTO Patent Assignment database has been used and all the patents that reported the “security interest agreement” type of conveyance, registered in the 2007-2010 years, have been extracted. The final dataset is made up of a total of 8,818 security interest agreement records, in which 133,110 patents are pledged as collateral for debt. Nearly 70% of the patents are associated with a subsequent release of security interest, over the 2007 and 2015 period. The determinants that affect the likelihood and the timing of a patent being released have been investigated. In particular, we focus on the effects of the global financial crisis and the interplay between the financial intermediary types involved in the collateralization event. Survival models have been applied and the hazard rates on the likelihood of observing a release of a security interest have been estimated. The obtained results suggest that a security interest on a patent is more likely to be released in the case of granted and younger pledged patents, when firms that pledge patents as collateral are larger, and lenders are more experienced in handling intellectual property (IP) backed transactions. Moreover, all else being equal, a release is more likely to occur for patents with higher technical merit, as captured by forward citations. On average, after the beginning of the global financial crisis, a decrease in the probability of release of a security interest is observed. This effect is smoothed for larger firms and for deals involving banks, as opposed to specialty finance intermediaries. This evidence has been discussed in light of the literature on secured lending and the financing of innovative companies.

### **About the editor**

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