

KRITIKA: ESSAYS ON INTELLECTUAL PROPERTY

Edited by
Peter Drahos
Gustavo Ghidini
Hanns Ullrich

Editorial Assistant
Linda Briceño Moraia

VOLUME I

Kritika: Essays on Intellectual Property

Volume 1

Edited by

Peter Drahos

Professor, Australian National University and Queen Mary, University of London, UK

Gustavo Ghidini

Professor, University of Milan and University LUISS Guido Carli, Rome, Italy

Hanns Ullrich

Professor Emeritus, affiliated research fellow, Max Planck Institute for Innovation and Competition, Munich, Germany

Editorial Assistant

Linda Briceño Moraia

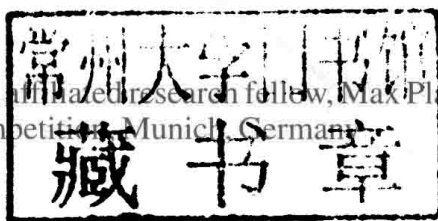
Doctoral Fellow, University of Milan, Italy

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Kritika: Essays on Intellectual Property

KRITIKA: ESSAYS ON INTELLECTUAL PROPERTY

Series Editors: Peter Drahos, *Australian National University* and *Queen Mary, University of London, UK*, Gustavo Ghidini, *University of Milan* and *University LUISS Guido Carli, Rome, Italy* and Hanns Ullrich, professor emeritus, Munich, Germany

The fields of intellectual property have broadened and deepened in so many ways that commentators struggle to keep up with the ceaseless rush of developments and hot topics. *Kritika: Essays on Intellectual Property* is a series that is designed to help authors escape this rush. It creates a forum for authors who wish to question, investigate and reflect more deeply upon the evolving themes and principles of the discipline. The scholars participating in *Kritika* choose their own topic, style and length of essay and through their choices set in train a process of emergent critical scholarship around the principles, assumptions and goals of intellectual property systems. This emergent process unites the diversity of content to be found in the volumes of *Kritika*.

Contributors

Frederick M. Abbott, Professor, Edward Ball Eminent Scholar Professor of International Law, Florida State University College of Law, USA

Steven Anderman, Emeritus Professor of Law University of Essex and Visiting Professor of European Law University of Stockholm, Sweden

Carlos M. Correa, Professor and Director of the Centre for Interdisciplinary Studies on Industrial Property and Economics, University of Buenos Aires, Argentina

Miranda Forsyth, Fellow at SSGM in the College of Asia and Pacific at Australian National University, Australia

Alexander Peukert, Professor, Goethe University Frankfurt, Germany

Marco Ricolfi, Professor, Department of Law, Università degli Studi di Torino, Italy

Geertrui Van Overwalle, Professor of Intellectual Property Law at the University of Leuven, Belgium; visiting Professor at the University of Tilburg, the Netherlands

Peter K. Yu, Professor of Law and Co-Director of the Center for Law and Intellectual Property, Texas A&M University School of Law, USA

Advisory Board

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Professor Shamnad Basheer, National University of Juridical Sciences, India

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Professor Yang Li, Shenzhen University Law School, PR China

Editorial

Projects are sometimes born of serendipitous events and chance meetings. So it was with *Kritika*. In November of 2011 Peter Drahos was based at the European University Institute (EUI) for six months as a Braudel Fellow in the Department of Political and Social Sciences. Hanns Ullrich, who had been based at the EUI in the Department of Law, was a frequent visitor to the EUI, as was Gustavo Ghidini. Ghidini and Ullrich were already in conversation about the idea of creating a long-running publication that would serve in the manner of, as Ullrich was later to put it, 'an island of tranquillity' for the analysis of intellectual property. Drahos and Ghidini met at a seminar held at the EUI and at a subsequent dinner Ghidini and Drahos discussed the merits of the idea. At another dinner Ullrich assured Drahos that creating such a publication would be a tranquil experience. Julie Ayling, who has Drahos for a husband, later remarked how odd it was that Drahos had so readily agreed to become involved given his constant complaints about the project deadlines in his life. Drahos pleaded Ghidini and Ullrich's charm as his defence.

In any case under Ghidini's animating influence *Kritika* entered a phase of concrete planning. The details of how *Kritika* would make its distinctive contribution were put in place through email conversations and the occasional meeting.

The idea behind *Kritika* is to create a publication space that maximizes the freedom of contributing authors to engage analytically and contextually with the principles, assumptions, axioms, and goals of intellectual property systems. Authors are invited to choose their own topic and given a wide range of word length within which to work. As this first volume demonstrates authors have exercised this freedom in very different ways.

Our thinking behind this experimental editorship was to avoid a detailed thematic steering and instead set in train a process of emergent critical scholarship. What are the crucial issues and problems raised by the operation of intellectual property systems that require closer inquiry? The field of intellectual property has broadened and deepened in so many ways that no one person can possibly answer this question. Leibniz, who died in 1716, a time in which intellectual property systems were

rudimentary and still geographically-contained infants, is sometimes described as the last universal genius. The age in which polymaths like him could bestride the disciplines has well and truly passed. We live not just in the age of specialist knowledge, but micro-specialization.

One way in which to break down the barriers of specialization is to work cooperatively and synthetically across the disciplines and sub-disciplines. A form of such cooperation is for editors to select themes and organize authors accordingly. But in taking this approach we would have steered *Kritika* in the direction of our own theoretical pre-occupations. We would not have, as Miranda Forsyth does in this volume, thought about the role of magic in intellectual property in the context of Melanesia, or the analogical processes of transfer identified by Alexander Peukert as being crucial to our understanding of intellectual property's globalization.

Our approach to overcoming the barriers of specialization has been to devolve decision-making about *Kritika's* direction to what we hope will be, in part through the auspices of our international board, an ever-widening community of scholars. Over time the choices made by *Kritika's* various contributors will provide a collective and emerging analysis of those problems that are seen by them as being the important ones to address.

We end with two important notes of thanks. Luke Adams from Edward Elgar has been a very supportive, constructive and patient commissioning editor. In Linda Briceño Moraia, Ghidini, Ullrich and Drahos found their d'Artagnan. Her help in bringing the editorial process to a conclusion was simply invaluable.

Gustavo Ghidini, Hanns Ullrich and Peter Drahos

Contents in brief

<i>Extended contents</i>	vi
<i>List of contributors</i>	xi
<i>Advisory Board</i>	xii
<i>Editorial</i>	xiii
1 <i>Frederick M. Abbott</i>	1
Rethinking patents: From ‘intellectual property’ to ‘private taxation scheme’	
2 <i>Steven Anderman</i>	17
Overplaying the innovation card: The stronger intellectual property rights and competition law	
3 <i>Carlos M. Correa</i>	59
Patent examination and legal fictions: How rights are created on feet of clay	
4 <i>Miranda Forsyth</i>	84
Making room for magic in intellectual property policy	
5 <i>Alexander Peukert</i>	114
Intellectual property: The global spread of a legal concept	
6 <i>Marco Ricolfi</i>	134
The new paradigm of creativity and innovation and its corollaries for the law of obligations	
7 <i>Geertrui Van Overwalle</i>	206
Inventing inclusive patents: From old to new open innovation	
8 <i>Peter K. Yu</i>	278
The confuzzling rhetoric against new copyright exceptions	
<i>Index</i>	309

Extended contents

<i>List of contributors</i>	xi
<i>Advisory Board</i>	xii
<i>Editorial</i>	xiii

1	<i>Frederick M. Abbott</i>	1
	Rethinking patents: From 'intellectual property' to 'private taxation scheme'	1
I.	Patents as private monopoly taxation	1
II.	The consequences of the private monopoly tax	6
	A. Pharmaceuticals	7
	B. Computers and electronics	8
	C. Energy and climate change	10
	D. Food, agriculture and water	11
III.	What would regulated monopoly responsibilities look like?	11
	A. Progressive taxation	12
	B. Private rights of use	12
	C. Pooling obligations	13
	D. Regulated social obligation	14
	E. Changing the terms of discourse	15
2	<i>Steven Anderman</i>	17
	Overplaying the innovation card: The stronger intellectual property rights and competition law	17
I.	Introduction	17
II.	The balance between initial and follow-on innovation <i>within</i> the IP laws	22
III.	Competition law, IPRs and innovation	25
	A. The accommodation to intellectual property rights <i>within</i> the competition rules	25
	B. 'Effective competition,' 'consumer welfare' and the Commission's methodology	31
	C. The EU's Courts' version of 'consumer welfare' as a goal of competition policy	33
	D. The test for 'effective competition' and IPRs	36

IV.	Innovative efficiencies and objective justification	49
V.	The economic elements in the courts' approach and IPRs	51
VI.	Conclusions: The limits of competition policy and the balance between initial and follow-on innovation	57
3	<i>Carlos M. Correa</i>	59
	Patent examination and legal fictions: How rights are created on feet of clay	59
I.	Introduction	59
II.	The examination process	64
III.	Some legal fictions	72
IV.	Biotechnological inventions	74
V.	Second uses of a known product	77
VI.	Markush claims and selection patents	81
VII.	Conclusions	83
4	<i>Miranda Forsyth</i>	84
	Making room for magic in intellectual property policy	84
I.	Introduction	84
II.	Local Melanesian intellectual property regulatory systems	87
III.	Two sites of colonisation?	94
	A. The regulation of traditional knowledge	95
	B. Intellectual property and the informal economy	98
IV.	What are the problems with overlooking local intellectual property systems?	101
V.	Making room for magic: a pluralist and intercultural approach	107
	A. Reconceptualise traditional knowledge as being about local knowledge systems	109
	B. Use vernacular languages	110
	C. Use indigenous and local institutions	111
	D. Take account of the values and principles underlying the existing systems	112
VI.	Conclusion	112
5	<i>Alexander Peukert</i>	114
	Intellectual property: The global spread of a legal concept	114
I.	Introduction	114
II.	Three transfers in the history of IP law	116
	A. From property rights in tangibles to intellectual property rights	116
	B. From Western Europe to the rest of the world	121

C.	From the protection of innovation to the protection of traditional knowledge	124
III.	Conclusions	128
A.	Legal transplants and legal analogies	128
B.	Legal transfers conceal differences	130
6	<i>Marco Ricolfi</i>	134
	The new paradigm of creativity and innovation and its corollaries for the law of obligations	134
I.	Three claims and one corollary	134
II.	The traditional case for the incentive role of exclusivity in the old paradigm	137
III.	Why in the digital environment the incentive provided by exclusivity is not always required	139
A.	The change in the social and technological basis of creation	139
B.	On being digital: The technological determinants of exclusivity and openness in the dissemination of digital copies	143
C.	Where society and technology meet: The grammar of interests in the second variety of digital licensing	148
D.	Back to the law: The role of exclusivity in the second variety of digital licensing	153
E.	A note of caution: The emergence of platforms	155
IV.	Is the incentive provided by exclusivity still required for technological innovation?	158
A.	More extensive resort to a method of protection of technological IP based on liability (rather than property) rules	160
B.	More Extensive resort to private ordering	161
V.	When does exclusivity in IP protection backfire?	164
A.	Patent wars	164
B.	Patent embargos	167
C.	Matching data sets	169
VI.	Where do we go from here?	169
A.	The diagnosis	169
B.	The task before us	170
C.	An agenda for future action	171
D.	The components of the IP governance of the new paradigm. Towards a two-sectors system?	173
VII.	Private-law tools enabling digital-network driven cooperation: A theoretical framework	181

A.	From goods to acts	181
B.	Three structural features of the second variety of digital licensing	183
C.	From contract to unilateral acts	187
D.	Unilateral acts: Travelling clauses, travelling waivers, stability and non-revocability	192
E.	An interim assessment	194
VIII.	Complementarity of re-uses and ex-ante unpredictability:	
	The legal implications	195
A.	Complementarity in action	195
B.	The interoperability conundrum	197
C.	Complementarity of re-uses and the design of the rules on interoperability	199
IX.	Digital licensing and the quest for global rules	202
X.	Concluding remarks	204
7	<i>Geertrui Van Overwalle</i>	206
	Inventing inclusive patents: From old to new open innovation	206
I.	Introduction	206
II.	Open innovation	209
A.	A tale with two different narratives	209
B.	Firm-centered open innovation	212
C.	User-centered and community-centered open innovation	219
III.	'New' open innovation	225
A.	Essential characteristics	226
B.	Legal instruments	229
C.	Major stumbling blocks	248
IV.	Inclusive patent regime	249
A.	Legal nature	250
B.	Institutional challenges	258
C.	Test cases	262
V.	Future research	269
A.	Normative assumptions	269
B.	Legal architecture	271
C.	Business model	273
D.	Impact	274
VI.	Conclusion	276

8	<i>Peter K. Yu</i>	278
	The confuzzling rhetoric against new copyright exceptions	278
	I. Introduction	278
	II. Seven arguments	281
	A. Existing exceptions are adequate and no new problems have arisen	281
	B. Licensed internet platforms already exist	284
	C. New copyright exceptions would violate the three-step test	287
	D. New copyright exceptions raise problems with the three-step test	293
	E. New copyright exceptions fail to balance human rights and economic rights	295
	F. There are no conflicts with free speech	298
	G. New copyright exceptions will cause financial damage	303
	III. Conclusion	307
	<i>Index</i>	309

1. Frederick M. Abbott

Rethinking patents: From ‘intellectual property’ to ‘private taxation scheme’

Monopolies must be recognized for what they are and should not be allowed to shelter under the inaccurate description of ‘intellectual property’

Lord Sydney Templeman¹

I. PATENTS AS PRIVATE MONOPOLY TAXATION

Tracing back to the Venetian patent law of the 1400s the motivation underlying the grant of the patent was to encourage inventorship and contribution to society.² Today patents have become a financial commodity treated much as any other asset of a business. Patents are judged by their capacity to generate financial returns, typically for a large industrial or post-industrial organization. The individual inventor or creator plays a role in the large organization, but from a macro-economic standpoint it is the exceptional case in which the individual inventor executes an idea that plays a material role in the marketplace. Despite the evolution of the social construct in which ideas become financial assets, the public narrative of intellectual property (IP) and patents remains focused on the concept of the individual inventor and the encouragement of creative activity. The narrative is a valuable one from the standpoint of large industrial and post-industrial organizations. If an individual expends his or her effort in generating a new idea, he or she should reap suitable rewards for the contribution to society.

¹ Lord Sydney Templeman, ‘Intellectual Property’, 1 *Journal of International Economic Law*, 603 (1998).

² Copyright largely evolved in the sixteenth and seventeenth centuries as a way to allow publishers to profit from the works of authors without interference from ‘pirates’. Trademarks were used in early days to prevent passing off imitations as goods from the original source.

From a macro-economic standpoint, today's world of patents is not the province of the individual inventor. It is the world of Apple, Google, Microsoft, Pfizer, Gilead, Novartis, Disney, Comcast and Siemens. Experts involved in the field of patents understand that they work in an area dominated by mega-enterprises. Government regulators certainly understand that their efforts are not directed toward individual garage tinkerers. But, the intellectual discourse surrounding IP remains largely that of the nineteenth century. As the default principle, government should not interfere with the 'right' of the individual to exploit his or her own intellectual creation or invention.

A patent generally gives its owner the right to prevent third parties from exploiting that same invention or creation. As a reward or encouragement, it empowers the patent owner to secure a 'producer surplus' above that which would be provided in a purely competitive environment. The producer surplus in favor of the patent owner reduces the funds in the hands of consumers, and consumer expenditures in favor of other producers. The patent owner benefits from a government-mandated right to exclude. Patents are, in essence, a private right to tax, although a tax that is dependent (in most cases) on the willingness of consumers to pay it.³

There is a fundamental question regarding the allocation of a monopolistic private tax to large industrial and post-industrial organizations: that is, does the power to collect a monopoly tax entail public responsibilities? The underlying theme of public discourse is 'no'. That is, the financial asset (i.e. patent) is regarded as freely alienable property that may be used as the owner deems fit, subject only to the general restrictions on uses of property. So, for example, there is no apparent limitation on the level of private tax that may be collected, and no concept of progressive taxation such as might ordinarily be adopted by a government taxing authority. Moreover, there is no restriction on what uses may be made of the tax. Unlike a government that is typically constrained concerning the areas in which it might make expenditure, the recipient of the private monopoly patent tax is free to make whatever use of it is deemed appropriate.

Property ownership more generally can be thought of as a government authorization to collect private rent or taxes. When the government establishes a system of enforceable land ownership rights (a 'mini-monopoly') it accords the landowner the right either to occupy or

³ It is questionable whether a patient purchasing a unique drug for an otherwise untreatable disease is exercising 'free will'.