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The IP Law Book Review

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WORKING KNOWLEDGE: EMPLOYEE INNOVATION AND THE RISE OF CORPORATE INTELLECTUAL PROPERTY, 1800-1930, by **Catherine L. Fisk.** University of North Carolina Press, 2009. 360 pp. Cloth \$45.00.

Reviewed by Kara W. Swanson, Northeastern University School of Law.
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What do gunpowder, light opera, and road maps have in common? Each is produced through a commercial enterprise that, according to Catherine Fisk, exemplifies the nineteenth and early-twentieth century transformation of workplace knowledge into corporate intellectual property. By intertwining labor and business history with the legal history of intellectual property, Fisk builds her central argument that “corporate ownership of workplace knowledge came into existence as employment shifted from being a relationship where legal obligations were determined primarily by status . . . to being one where legal obligations are determined primarily by contract” (p.2). Modern intellectual property is, Fisk tells us, intrinsically a creature of employment law and practice. Her exploration of this joint history is a significant contribution to both fields.

The Du Pont company provides a through-line for Fisk’s book. Founded in 1802 as a gunpowder manufactory, Du Pont built its business during its first decades on the secret chemical knowledge of its French founders. The papers of the Du Pont family, along with published opinions and court records of the cases litigated by the company, allow Fisk to trace the legal meanings and business practices surrounding workplace knowledge across her focal period, from 1800 to 1930. In the first decades of the nineteenth century, the family-run enterprise relied on “secrecy and reputational sanctions” to guard against the diffusion of its knowledge to competitors (p.45). The Du Ponts separated the steps of gunpowder production into different buildings, limiting the ability of their own employees to understand the entire process (and guarding against explosions), and also provided employee housing in a “remote and self-contained enclave”

outside of Wilmington, Delaware, allowing the owners to better control their employees' interactions with outsiders (p.46). In 1808, when a competitor sent an agent to lure away Du Pont workers and obtain some of the manufacturing equipment, the Du Ponts rapidly learned of the interloper, beat him severely, and had him prosecuted for theft (pp.46-48). The Du Ponts' self-help was more effective than the law – the agent was acquitted of criminal charges, and turned around and sued the company for malicious prosecution. A later competitor's attempt to buy information from a Du Pont powderman led the company to threaten the competitor with, not litigation, but reputational sanctions through publication of the correspondence with the powderman, which the company eventually did in a pamphlet called "Villainy Detected" (pp.50-53).

One hundred years later, the Du Pont company underwent a massive reorganization intended to transform the family business into a "large, vertically integrated, and centrally administered firm" (p.196) – in short, a modern corporation using modern management practices. Corporate R&D became part of the bureaucracy, concentrated in two laboratories (p.196). Instead of focusing on the villainy of their competitors, the Du Ponts focused on legal control of their own employees through written employment agreements requiring employees to acknowledge the company's ownership of all "inventions, improvements or useful processes" (p.197). In 1914, the company sued a departing chemist, seeking to prevent him from using knowledge the company claimed as trade secrets (p.203). Rather than the Du Ponts themselves intervening with fists, their patent attorney hired a private detective to infiltrate the new business of the former employee and collect evidence (p.206). While the litigation was inconclusive, it motivated the company to tighten all its employee contracts as a now-useful part of its business strategy (p.206). Its creative employees, meanwhile, had to reconfigure their middle-class status. Their hallmark as "free labor," the ability to exploit their own ideas and inventions, and to leave to develop their own businesses, had been removed. Instead, scientists and engineers employed by Du Pont and other similar corporations had to rely on the social markers of education, income, and consumption to designate their class status, becoming what Fisk calls the "new middle class" of the consumer society (p.245).

The Du Pont story exemplifies the transformation of the American workplace from the small shops of the early republic and Jacksonian period to the modern integrated corporation. Drawing on her expertise in labor and employment law, Fisk adds a much-needed perspective to the historical development of "intellectual property" as a concept. (The term was first

used in a published judicial opinion in 1845) (p.36). How did workplace knowledge change from something so unownable that the Du Ponts in 1808 had no legal basis to stop employees and their knowledge from walking out the door, to a taken-for-granted corporate asset, routinely protected by legally enforceable contracts by 1930? Part of the answer is the steady expansion of intellectual property itself, particularly in the coverage of copyright and trade secrets, topics to which Fisk devotes several chapters. The domain of “workplace knowledge” expanded. But Fisk goes beyond intellectual property doctrines to detail the accompanying change in the workplace itself. While Fisk steadfastly refuses to give a “monocausal explanation” in answer to her fundamental question (p.6), she argues for a list of contributing factors for this joint development: the ideology of free labor and its interaction with corporate power, changing understandings of the middle class, the transcendence of contract discourse, and the development of a consumer society (pp.6-11). Ultimately, Fisk places most of her emphasis on the “growth of corporations and the rapid spread of office and factory work” with an accompanying “systemization of knowledge” and “bureaucratic employment practices” (pp.240, 246-47). Together with the triumph of contract over status to define employer-employee relations, the new workplace supported the “commodification” of creative labor and the transformation of the creative entrepreneur of the 1830s into the corporate “man in the gray flannel suit” of the 1930s.

Fisk presents her historical narrative as a declension story: “For highly skilled, talented, and innovative workers, the move from status to contract was one from entrepreneurship to dependence” (p.2). It is a story which echoes one previously told by labor historians about the loss of autonomy by those who labored with their hands.¹ Fisk’s story describes the uncomfortable similarity between the fate of manual labor and that of mental labor. These “mechanics” begin the nineteenth century as entrepreneurs, the “best case” for free labor ideology (p.249), owning the fruits of their hands and minds. At the end of her story, however, skilled workers are middle management drones, blocked from starting their own business, or even from moving to another corporate employer, by their inability to use any of their ideas or knowledge outside their employing corporation. Their reward instead is steady employment, compensation sufficient to support a suburban middle-class lifestyle, and internal recognition through financial rewards and attribution. Fisk’s detailed knowledge of employment law allows her to draw the connection between the expansion of master-servant law and intellectual property law. Just as the knowledge of creative workers was unownable in the early nineteenth century, such men had been themselves unownable.² They were not

included within the narrow legal category of “servant,” with apprentices and domestic help. By the end of Fisk’s period, not only had the legal ownership of knowledge expanded through the developing law of intellectual property, but the category of servant had swallowed mental workers and manual laborers alike, destroying the previous legal distinction which had supported a class distinction.

To explain her argument, Fisk reaches beyond Du Pont’s chemical processes and machines to artistic labors. The starting point of her story thus includes not only gunpowder but also the theater. Today’s noncompete agreements can be traced in their earliest form, according to Fisk, to judicial orders prohibiting a performer from working for another theater, adopting an English case enjoining an opera singer from changing stages (pp.138, 160-62). Further, authors and adaptors of plays fought with theater owners for copyright control of works, and long before the work-for-hire doctrine was established by statute in 1909, a case involving the American adaptation of Gilbert and Sullivan’s *Mikado* established the principal that ownership of creative works could be shifted to an employer through contract, even in the absence of formal assignment of copyright (p.158). Talent itself could be enjoined and transferred, by law and by contract, thereby undercutting earlier understandings of free labor as including the ability to quit employment and start anew, and the ability to own and control one’s own work product. An opera singer, it turns out, is the legal antecedent of the man in the gray flannel suit working for Eastman Kodak in Rochester, New York (another of Fisk’s corporate examples) (pp.188-196), or for the twentieth century diversified Du Pont company in Wilmington.

While accurately claiming to create “an intellectual history of legal doctrines and a social history of ideas,” Fisk sells herself short. One of her book’s great strengths is that it is as much a story of the particular history of the “mechanic” as a type of working man as it is a story of ideas. She mines four corporate archives in addition to the Du Pont family papers to discern actual workplace knowledge practices, combining the results with the traditional tools of legal history – case law, treatises, and court records. She grounds each chapter in detailed stories, fleshed out from legal disputes. In her concluding chapter, Fisk introduces the first American road maps as corporate intellectual property, the result of the early-twentieth-century understandings of talent and business management. From its founding in 1864, the Rand McNally corporation built its business on the long-term employment of numerous authors, managing creativity to sell maps and guides (p.227). By the turn of the twentieth century, it

“resembled the evolution of corporate research laboratories” in its organization, recruitment of creative talent, absolute ownership of all employee product, and substitution of “an internal economy of credit and reputation” for employee ownership of their work product (p.230). The “Father of Road Maps,” John G. Brink, worked for Rand McNally as an independent contractor in the 1910s and 1920s, but all map copyrights were in the name of Rand McNally. When in the late 1920s the company decided to replicate its success in providing the first automobile travel maps with “air trails maps” for the new aviators, those maps were created and published without any individual authorship credit (pp.232-34). The author, just like the inventor, had been subsumed within the corporation.

Fisk’s very readable and well-organized book will be of great interest to those specializing in contemporary aspects of intellectual property and labor and employment law, as well as to historians of labor, business, and technology. Less obviously, she speaks to other scholarly debates. While Fisk’s focus is the skilled artisan, there are interesting parallels between her story and the development of the professions in the nineteenth century. During this period, doctors and lawyers struggled to define themselves based on specialized knowledge, a process which, for doctors, depended on establishing a property right in that knowledge. In the late nineteenth century, doctors bitterly claimed that their subpoenaed appearances in courtrooms as expert medical witnesses without compensation constituted theft of their “professional knowledge, which forms their capital in business.”³ Some doctors went so far as to refuse to testify without proper payment, risking contempt of court sanctions. In these legal battles, the opponent was not the corporation, but the state. Fisk’s work provides an opportunity to reconsider the development of the medical examiner as a civil servant, and in so doing, to broaden her narrative beyond explicit reliance on intellectual property doctrines to the other ways of articulating property in knowledge in the legal context.

Her story of the transformation of workplace knowledge can also be read as a detailed case study that tests Morton Horwitz’s theory of transformation of American law in the nineteenth century from the dominance of property to the dominance of contract.⁴ Fisk’s work embellishes this broad theme in two ways. It adds evidence to the rise of contract discourse by detailing the effects of reinterpreting the work of skilled, specialized producers through contractual understandings of their relationship to their mental efforts and to the firms which hired them. It also expands our understanding of the historical development of legal theories of property by tying one particular type of property, intellectual

property, precisely to the rise of contract. Fisk also deliberately sets her story of the “mechanic” as part of the intellectual history of free labor ideology as a guiding, but troubled, principle of American self-understanding, thus joining scholars such as Sean Wilentz and Christopher Tomlins in understanding the mutually constitutive transformation of American labor, law, and business in the late-nineteenth and early-twentieth century, and adding the “thinking man” to the “working man” in that history.⁵ Fisk’s inclusion of the development of a consumer society as a causal factor in the changes she traces is provocative and plausible, but steps beyond the strength of her careful research, leaving it a less convincing part of her argument – merely because other parts are made with such specificity and strength. There is room here for further work by Fisk or others. As Fisk suggests, she also offers food for thought to those considering commodification in the context of twenty-first century intellectual property debates (pp.2, 254-55). The commodification, or marketization, of “everything”,⁶ including invention and mental labor, is not, Fisk reminds us, a twenty-first or even twentieth century phenomenon. Nor, as Fisk has so carefully shown, is it a simple matter of new statutes or tweaked legal doctrines. Practice and customs in the “social setting of work” in multiple, diverse enterprises, from the stage to the factory floor, as well as “changes in the nature of human personality” need to be considered in contemporary policy discussions (p.254).

ENDNOTES

¹ Fisk cites this literature in Introduction, note 2, and Part I, note 1. A further case study is Hugh G.J. Aitken, *SCIENTIFIC MANAGEMENT IN ACTION: TAYLORISM AT WATERTOWN ARSENAL, 1908-1915* (Princeton University Press, 1985 [1960]).

² As Fisk recognizes, the use of “men” is appropriate, as her characters are nearly all men – with the notable exception of her discussion of Laura Keene, an actress, playwright, and theater manager (pp.143-49). The characters are also nearly all European Americans. Fisk makes a tantalizing reference to the failure of courts to take up postbellum sharecropper decisions into the mainstream of employee mobility jurisprudence, suggesting an avenue for future work regarding the racial dimensions of the class story she relates (p.163).

³ James C. Mohr, *DOCTORS AND THE LAW: MEDICAL JURISPRUDENCE IN NINETEENTH-CENTURY AMERICA* (Johns Hopkins University Press, 1996 [1993]), 200.

⁴ Morton J. Horowitz, *THE TRANSFORMATION OF AMERICAN LAW, 1870-1960: THE CRISIS OF LEGAL ORTHODOXY* (Oxford University Press, 1992).

⁵ Christopher L. Tomlins, *LAW, LABOR, AND IDEOLOGY IN THE EARLY AMERICAN REPUBLIC* (Cambridge University Press, 1993); Christopher L. Tomlins, *THE STATE AND THE UNIONS: LABOR RELATIONS, LAW, AND THE ORGANIZED LABOR MOVEMENT IN AMERICA, 1880-1960* (Cambridge University Press, 1985); Sean Wilentz, *CHANTS DEMOCRATIC: NEW YORK AND THE RISE OF THE AMERICAN WORKING CLASS, 1788-1850* (Oxford University Press, 1984).

⁶ A recent collection of essays from the large recent literature critiquing the commodification of seemingly everything is Gordon Laxer and Dennis Soron (eds.), *NOT FOR SALE: DECOMMODIFYING PUBLIC LIFE* (Broadview Press, 2006).

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THE PATENT CRISIS AND HOW THE COURTS CAN SOLVE IT,
by **Dan L. Burk & Mark A. Lemley.** The University of Chicago Press,
2009. 220 pp. Cloth \$ 45.00.

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This long awaited book by Professors Burk and Lemley brings together their numerous and insightful articles on patent law, published over the past decade, and elaborates on their ideas in light of the current patent reform debate. Calling the book “long awaited” is perhaps an exaggeration, but I personally have been waiting for this book for a while. The delay may have, in part, to do with the unpredictable manner in which global patent reform has progressed during the past five years. Developing countries, such as India, have restructured their patent system to meet requirements under the TRIPS Agreement. Meanwhile, the United States, a main driver for the TRIPS requirements in the 1980’s and 1990’s, has been backtracking through myriad proposals to restructure its own patent law.

This rethinking of U.S. patent law has occurred on many fronts. The USPTO initiated administrative reforms in 2007 that were quickly enjoined and have been more narrowly construed by the Federal Circuit. Congress pushed radical patent law reform that would have, among other changes, transformed patent law to a first inventor to file system, an odd chimera worthy of Greek mythology. Finally, the Supreme Court has been extremely involved in addressing (and creating) questions about U.S. patent law with five critical opinions issued over the past five years, and one important one pending during the 2009-2010 term.¹

With all this activity, any promised book on patent reform runs the risk of being irrelevant upon publication. Thankfully, Professors Burk and Lemley have published an important, moderate, reasonable book that cuts through all these reform efforts that have largely operated at cross purposes. They define the “patent crisis” precisely, and their solution offers light that

contrasts with the heat of legislative reform that is perhaps not as convoluted as health care reform, but is certainly driven by competing interests that cannot readily be balanced. Recent efforts at patent reform in the U.S. have been in the paranoid style of politics with rumor and fear displacing informed and rational discussion. A student recently asked me, with deep concern and worry in his eyes: “Is it true that [new USPTO commissioner] Kappos is doing away with Request for Continued Examinations?” Another example of the paranoid tendency occurred at a panel discussion, in which I participated, on the pending *Bilski v. Kappos* case.² One of the panelists asked, with dismay: “Can we trust the Supreme Court?” “I guess we have to”, I responded. But then again can we trust anyone? Professors Burk and Lemley’s book provides a rational counterpoint to some of the dismay that often surfaces in legislative debates, with patent reform no exception.

What is the crisis that has generated so many and varied responses? According to Professors Burk and Lemley, the crisis arises from a tension between a generalist patent statute, with the 1952 Patent Act as the most recent iteration, and industries that have developed in unforeseeable ways over the past fifty-seven years (pp.31-32). In 1952, biotechnology and software were the stuff of science fiction. Congress’ revision of patent law after World War Two aimed at clarifying the law, codifying some provisions such as nonobviousness, and creating a broad set of rules that would promote innovation and invention across a wide range of industries and technologies. The problem is that different types of patent rules may be conducive to progress in different industries. Patent law needs to be tailored to the customs, practices, and industry structure of various technologies. For example, narrower patent scope may be more conducive to innovation in software than in pharmaceuticals and biotechnology. Doctrines like utility, nonobviousness, and enablement affect the breadth of patent claims and the reach of the exclusionary right. They also affect incentives to seek patents, resulting in patent thickets, patents of questionable quality, and patents too narrowly construed as to result in anti-commons, that is, too much subdivided and dispersed ownership in an invention. This tension between a generalist patent statute and the need for narrowly tailored doctrines creates a perfect storm for patent reform as various parties attempt to shift patent law towards the interests of a particular group or industry. No invisible hand, however, can readily reconcile these disparate interests into harmony. Hence, we end up with the cacophony and hodgepodge of reform efforts.

What Professors Burk and Lemley offer as a solution is the courts. At a broad level, they are absolutely right. I am sympathetic that in a few deft cases the Supreme Court has corrected certain problems in the patent system. Its 2006 *eBay* decision, although criticized at the time, did address some of the concerns with the anticompetitive uses of patent litigation.³ Similarly, its 2008 *Quanta* decision, if narrowly construed to pass through license terms, provided an important balance between patent and contract rights.⁴ On the other hand, of course, the Supreme Court has handed down some opinions that arguably complicate the institutional landscape of patent law. The 2007 *Medimmune* decision complicated the lives of licensing practitioners in not particularly socially productive ways.⁵ A few months after that decision, the Court handed down the infamous *KSR* opinion, which was a missed opportunity for adding structure to the nonobviousness inquiry.⁶ At one level, the appeal to the courts, at least the Supreme Court, seems misguided.

Of course, Professors Burk and Lemley are appealing to the courts in the abstract, as the institution that can provide some guidance in a comparative sense. At that level of institutional analysis, they are correct. The tension between a general statute, like the Patent Act, and the varied, complicated industries that the statute purports to govern leads invariably to either a fragmentation of the statutory scheme to address diverse special cases or to a more flexible, organic, and evolutionary common law. Tax law is often given as an example of the former, but in the domain of statutory intellectual property, copyright provides the best example of statutory fragmentation to address special cases. In part, this fragmentation arises from the role of special interests in shaping and drafting copyright legislation. But equally true is the vast array of technological media through which copying and performance can occur. The Copyright Act responds to rapid technological change in the way works can be copied, distributed, performed, displayed, and shared through statutory amendment within a scheme that, like the Patent Act, contains broad, general language.

The Patent Act, however, lacks the specialized provisions that define the Copyright Act. In part, this is because the administrative structure of the USPTO subsumes such complexity with its field specific review of patent applications. Furthermore, the Patent Act grants the patent owner a broad right to prevent all uses of a patented invention. Consequently, there has been less controversy over what constitutes infringement in patent law when compared with copyright law, where each technological change leads to questions of what does in fact constitute a copy or an adaptation. Under the terms of the Patent Act, if an invention falls within the claims of the

patent, then its unauthorized *use*, whatever form that takes, constitutes infringement. The statutory complexity of the Copyright Act has its analogue in the complexity of patent claim drafting and construction rather than in patent legislation.

If, for the reasons stated, statutory fragmentation is not how patent law develops, then, as Professors Burk and Lemley point out, common law development through judicial tailoring to particular circumstances best describes the structure of patent law (pp.104-107). Their book provides choice examples from the fashioning of remedies by courts to the judicious use of written description, nonobviousness, and utility doctrines to address particular industry-specific dilemmas. As a descriptive matter, Professors Burk and Lemley are accurate, and their book does an excellent job of delineating and explaining, what I call here, the common law of patent. To be clear, this common law is informed largely by the Patent Act's language and structure, although in many instances doctrines seem to be created by judicial imagination. The written description requirement and the teach-suggest-motivate test are two examples of the judicial imagination at work in the area of patent law. For reasons of space, I will address the larger point raised by Professors Burk and Lemley, which is the normative point that this common law, or judge-inspired common law, is a preferred means for reforming patent law. As a matter of political expediency and effectiveness, the argument in favor of patent reform led by the judiciary is strong. Furthermore, if one is concerned with the play of special interest in legislation (a concern that Professors Burk and Lemley seem to have), then perhaps the judiciary may be less subject to influence for the usual well-rehearsed reasons (repeat players, openness, narrow focus on discrete issues, case by case determination).

But there are two reasons why one needs to be cautious in appealing to the judiciary as a vehicle for patent reform, especially within the United States environment. The first is the issue of which court should serve as the engine of reform, the Supreme Court or the Federal Circuit. The second is the structure of the patent statute itself, with its grant of broad rights to the patent owner. I address each in turn with the goal of refining Professors Burk and Lemley's prescriptive arguments, with which I am largely sympathetic.

United States patent law has a structure distinctive from other federal regulatory schemes. Patents are governed both by a specialized agency, the USPTO, and a specialized appellate court, the United States Court of Appeals for the Federal Circuit. The U.S. Supreme Court provides

overarching review of both the agency and the specialized court, but from a generalist perspective. The Supreme Court's patent jurisprudence ensures that the application of patent law is consistent with the Constitutional provisions governing congressional power (Article I, Section 1, Clause 8), Constitutional provisions on individual rights (enumerated rights, due process), and federal statutory provisions, namely the Patent Act and the Administrative Procedure Act. An appeal to the judiciary as the solution to the patent crisis raises the question, which court? Since Professors Burk and Lemley argue that the judiciary should provide the necessary tailoring of patent law to address industry specific innovation policy, the Federal Circuit, because of its specialized mandate, would seem to be the logical candidate as judicial reformer. Most of the examples that Professors Burk and Lemley provide are from Federal Circuit opinions. Of course, they also discuss recent Supreme Court cases. The question is what role does the Supreme Court, as a generalist court, play in tailoring patent law desirably.

A first impression is that the Supreme Court plays little role in such tailoring. Consequently, one may conclude that the Supreme Court should largely stay out of the review of patent law, deferring to the Federal Circuit except in rare instances. The recent spate of Supreme Court patent decisions would be, under this view, a mistake. I think this conclusion would be wrong. The Supreme Court can provide guidance in how the Federal Circuit can tailor patent law by establishing baselines for defining the contours of the patent grant. Rules on the scope of patent injunctions, restrictions on licensing practice, and standing to challenge patent validity are all areas in which the Supreme Court has recently intervened. They are also areas where the Court usefully provides guidance on how patent law can be shaped for the purposes of tailoring by the Federal Circuit. For example, the Court's pronouncement on patent injunctions established a broad standard-like approach that can be shaped to the context of a particular industry. The correctness of the Supreme Court's patent jurisprudence can be gauged by how well they guide the tailoring role of the Federal Circuit. Such a framework can be useful in cutting through the institutional tension between the Supreme Court and the Federal Circuit that is so transparent. The path to the current case of *Bilski v Kappos* offers a clear example of this tension. The Federal Circuit's majority opinion in *Bilski* was obsequious in demonstrating that its ostensibly radical decision was well in line with Supreme Court precedent on patentable subject matter. The tone of the majority decision could be interpreted as saying either that Supreme Court precedent forced the Federal Circuit's decision or that the Supreme Court should grant the resulting petition for certiorari. The Supreme Court, of course, accepted the challenge. I am hoping that the

Court's final opinion is one that allows for flexibility by the Federal Circuit in shaping rules of patentable subject matter that can be tailored to the needs of various industries. Most likely, what this tailoring would involve is allowing fairly broad subject matter with well defined limitations on patenting abstract ideas or other subject matter that might interfere with industry specific innovation.

What is missing however in Burk and Lemley's appeal to the judiciary is not only an analysis of how to allocate Supreme Court and Federal Circuit functions, but also the role of a specialized agency in effectively tailoring patent law. The 2007 foray by the USPTO into patent reform has arguably proven to be a disaster.⁷ The patent bar successfully moved through the Federal Circuit to dull these reform efforts. But the lesson from this venture is not that the USPTO should not be a vehicle for reform. The lesson is that the agency needs to choose its reform policies carefully. Furthermore, the judiciary can play an important role in shaping how the agency operates. On this point, the Supreme Court's failed efforts in *KSR v. Teleflex*⁸ were a missed opportunity for shaping administrative reform. There is a good case to be made that the Federal Circuit's approach to nonobviousness under the teach-suggest-motivate approach was too rigid and placed too high a burden on those who wanted to challenge an invention as being obvious. The Supreme Court's response, however, was to replace a rigid approach with an unstructured one. A more appropriate approach would be to substitute a rebuttable presumption for the rigid rule, much as the Court has done in the past in the area of prosecution history estoppel. Creating a rebuttal presumption of obviousness would allocate the burden of proof equitably, provide guidance for the agency and practitioners, and allow the agency to tailor nonobviousness doctrine to the needs of particular industries. Instead, the *KSR* decision provides a cautionary example against too much reliance on the judiciary as the vehicle for reform.

A second gloss on the role of the judiciary in shaping reform stems from the language of the Patent Act. In most jurisdictions, the patent owner is given wide latitude in enjoining all unauthorized uses of the patented invention. Unlike copyright law, which enumerates specific uses, patent law gives a broad grant of exclusivity. At the heart of Professors Burk and Lemley's argument is the need to tailor this broad grant to the realities of particular industries and technologies (pp.62-65). But with respect to protecting the patent owner's right to enjoin all uses, the Federal Circuit has been more of a problem than a solution, particularly in the area of licensing. The problem I am thinking of is the conditional sale doctrine, which allows a patent owner to place conditions of use on a patent license.⁹ What is troubling

about this doctrine is the ability of the patent owner to enforce violations of such conditions as patent infringement (with attendant treble damages and other remedies) as opposed to contract breach. The conditional sale doctrine rests on the assumption that the patent owner's broad power to license use includes a more narrow power to license use subject to conditions. While this may seem to be a logical corollary from contract, the problem is that the conditional sale doctrine can turn uses ancillary to the use of the invention into patent infringement. For example, the conditional sale doctrine has been extended to limit the right to reuse a patented invention or to even repair it, in the ordinary sense of the word repair. The conditional sale doctrine turns ordinary contractual transactions into issues of federal patent law. Consequently, the Federal Circuit has created its own contract law jurisprudence in enforcing the conditional sale doctrine, a move that takes the court beyond its expertise as a patent court. Through the conditional sale doctrine, the Federal Circuit has expanded the reach of patent law and arguably the scope of its own authority. Fortunately, the Supreme Court has partially reined in the influence of the conditional sale doctrine, in the case of reach-through license terms, through its patent and antitrust informed decision in *Quanta v. LG Electronics*.¹⁰ Nonetheless, the conditional sale doctrine provides another example of how the judiciary may be as much a problem as a solution.

Professors Burk and Lemley's book is a must-read because of its provocative ideas. More importantly, their ideas provide a beacon of reason and intelligence in what has been a complex mess of patent reform. Published in a year that has shown how convoluted legislative reform often is, this engaging book shows how it is possible to have politics and reform that is potentially free of the byzantine web of influence and diatribe that can best be described as political paranoia. I hope it finds an audience and becomes a model for how to think about legislative reform more broadly.

ENDNOTES

¹ For a discussion of these cases, see Shubha Ghosh, *Carte Blanche, Quanta, and Competition Policy*, 34 J Corp. L. 1209, 1216-1221 (2009).

² See *In re Bilski*, 54 F. 3d 943 (Fed. Cir. 2008).

³ *eBay v. MercExchange, LLC.*, 547 U.S. 338 (2006).

⁴ *Quanta Computer, Inc. v. LG Electronics, Inc.*, 553 U.S. 617 (2008).

⁵ *Medimmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

⁶ *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007).

⁷ See *Tafas v. Doll*, 559 F.3d 1345 (Fed. Cir. 2009) (describing the background on reform efforts by the USPTO).

⁸ See footnote 6, *supra*.

⁹ See, e.g., *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992).

¹⁰ See footnote 4, *supra*.

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PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATORS AT RISK, by **James Bessen & Michael J. Meurer**. Princeton University Press, 2008. 331 pp. Paperback \$22.95.

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For at least the past decade, the question of how well the patent system has been promoting innovation has been a question of intense judicial, legislative, scholarly, and popular debate. But all too often, that debate has foundered in a morass of rhetoric and anecdote about heroic small inventors, unscrupulous copyists, parasitic “patent trolls,” and other colorful characters. With **PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATORS AT RISK**, James Bessen and Michael Meurer’s aim is to cut through the rhetoric, and provide a comprehensive, empirical evaluation of the patent system to inform the debate about patent reform. To do so, they draw not only on their own econometric studies, but also on dozens of other legal, historical, and economic studies from other researchers. From their analysis emerge two central, and radical, claims about the performance of the patent system. First, although some industries fare better than others, the costs imposed on defendants by patent litigation now exceed the value of patents to their owners. Thus, rather than stimulating innovation, patents on the whole operate as a net tax on innovation. Second, this imbalance emerged largely in the 1990s as the result of legal changes – particularly with respect to software patents – that have eroded the ability of firms to ascertain whether they will be sued for patent infringement. So long as patents fail to provide clear notice of their boundaries, they cannot deliver the benefits we expect from a well-functioning patent system.

Bessen and Meurer’s critique stands out from the ongoing clamor about the patent system on two grounds. The first is its reliance on hard empirical

data. Traditionally, discussions of patent policy have taken place in an economic vacuum. When asked by Congress in 1958 to evaluate the economics of the patent system, economist Fritz Machlup famously confessed to economists' ignorance of the costs and benefits of a patent system: "If we did not have a patent system, it would be irresponsible, on the basis of our present knowledge of its economic consequences, to recommend instituting one. But since we have had a patent system for a long time, it would be irresponsible, on the basis of our present knowledge, to recommend abolishing it".¹ Though there is no necessary correlation between social cost and social benefit for any one patent, few critics have questioned the underlying intuition that countries benefit from patent systems. But Bessen and Meurer believe that such hopeful ignorance is no longer necessary or tenable. In recent years economists and other researchers have been studying the contribution of patents to both patent-holding firms and national economies, and Bessen and Meurer collect and synthesize that data to provide a state of the art econometric evaluation of the patent system.

The other distinctive feature of Bessen and Meurer's analysis is its emphasis on the notice function of the patent system. The particular problems with patent notice that Bessen and Meurer highlight will be familiar to most patent lawyers, but failure of patent notice has generally not been emphasized in most critiques of the patent system. Both popular and scholarly criticisms of the patent system have focused primarily on the issue of patent "quality". These critiques have charged that, hampered by a lack of resources and restrictive court decisions, the Patent and Trademark Office (PTO) has been issuing too many patents which are not novel and non-obvious over the prior art. And popular critiques in particular have vilified non-practicing entities – the so-called "patent trolls" – who exact exorbitant settlements or damage awards from companies sued for patent infringement. Bessen and Meurer acknowledge these concerns, but regard them as secondary and, in some cases, related to the more central problem of patent notice.

Bessen and Meurer's starting point to evaluate the patent system is the theory of property itself: if we can understand the circumstances where property rights succeed and where they fail, we may be able to understand the circumstances under which patents will succeed or fail in promoting innovation. Bessen and Meurer survey the theoretical and empirical literature on property rights, showing that "property" is not a magical incantation that brings prosperity in its wake (pp.38-45). Rather, the ways in which property rights have been implemented have been critical to their

success or failure. Property rights can fail where multiple claims overlap, or where proliferating property rights make clearance prohibitive, or where the legal regime makes it costly to secure, ascertain, or transfer rights.

Do patent rights behave like successful property rights? In Bessen and Meurer's view, the answer is more and more frequently no. In their words, "If you can't tell the boundaries, then it ain't property" (p.46). Unlike real or personal property, patents often do not provide clear notice of their scope until it is too late. Innovators are frequently unaware of patents until well after their technology has been deployed and their businesses established; in other instances, even expert advice on how to avoid known patents can turn out to be wrong.

What leads to the failure of patent notice? Bessen and Meurer identify several aspects of the modern patent system that contribute to the failure of patent notice. Claim construction, the use of continuation applications, patent law's disclosure doctrines, and the sheer volume of patents, especially on software-related inventions, all make it prohibitively expensive to perform clearance review (pp.53-71).

Bessen and Meurer's analysis then turns empirical. They first survey the existing literature examining the role of patent rights in economic growth. Studies of national economic performance have shown good correlations between economic growth and legal systems that provide strong property rights and facilitate their alienability. But comparisons of national economic performance have generally failed to demonstrate a strong or consistent correlation between intellectual property rights and economic growth. Comparisons across countries are of course fraught with difficulties, especially the challenge of quantifying the strength of intellectual property protections provided by a particular legal regime. But in Bessen and Meurer's view, if multiple studies have failed to consistently correlate intellectual property rights with economic growth – where studies of other kinds of property rights have shown such correlations – we can at least be confident that "patents *do not* deliver the same kind of economic payoff as do property rights" (p.92).

The core of Bessen and Meurer's work, and the aspect of the book that will generate the most controversy, is their attempt to measure the costs and benefits of the U.S. patent system. More specifically, Bessen and Meurer attempt to measure the value of U.S. patents to their owners, and the costs imposed by patent litigation. They estimate the value of patents to their owners by patent renewal data (pp.99-104). This method relies on the

requirement that patentees must pay renewal fees to keep their patents in force.² Collecting data from all patents owned by U.S. public manufacturing firms, Bessen and Meurer deduce a mean value of about \$113,000³ per U.S. patent issued from 1985 to 1991⁴ (p.102).

Not all industries value patents similarly, however. Bessen and Meurer show by renewal estimates that the mean value of patents that claim molecules or chemical compositions – i.e., most patents in the pharmaceutical industry – is almost three times greater than the average patent (p.108). Conversely, patents on “complex technologies”⁵ tend to be less than half as valuable as the average patent (p.108). Nor is the wealth equally shared among large and small companies. Perhaps contrary to rhetoric about the value of patents to small inventors and firms, Bessen and Meurer find that patents held by large entities are about 50% more valuable than those held by small entities (p.108).

With these values in hand, Bessen and Meurer are in a position for the first time to estimate the value patents return to their owners. Bessen and Meurer estimate that patents granted in 1991 are worth about \$4.4 billion – well in excess of the approximately \$1 billion spent to prosecute them (p.112). And patents certainly provide favorable returns to their owners: Bessen and Meurer estimate that in 1999 firms in the chemical and pharmaceutical industries earned patent rents of about \$15.2 billion, while other firms earned rents of about \$3.2 billion. Patent attorneys will be cheered by Bessen and Meurer’s conclusion: “On average, patents deliver real value and inventors get their money’s worth for the money they pay their patent lawyers” (p.112).

But of course, the value of patents only tells half the story. Bessen and Meurer’s unprecedented contribution to the field is their effort to estimate the costs of the patent system as well. For defendants, costs of the patent system include not only legal fees and damages assessed against them, but the costs associated with having to abandon the patented technology if the patentee prevails and secures an injunction. Even defendants who ultimately win suffer losses from customer uncertainty in the interim and employee time and company resources dedicated to litigation. Bessen and Meurer estimate these costs by examining how firm’s stock prices respond to the filing of an infringement lawsuit. Bessen and Meurer find that, on average, publicly traded firms lose almost \$29 million upon being sued for patent infringement (p.137). Generally speaking, these losses are not offset by corresponding gains to the patentee; the filing of an infringement suit also depresses the value of patentee firms, though not to the same extent.

When Bessen and Meurer compare the profits firms realize from patents⁶ to the aggregate costs of patent litigation, a startling discrepancy emerges. For the chemical and pharmaceutical industries, profits from patents comfortably exceed aggregate litigation costs (p.139). However, for firms in other industries, patent profits have never significantly exceeded litigation costs (p.139). Moreover, by the mid 1990s soaring litigation costs began to substantially exceed patent profits, a trend that continued through the end of the century (p.139). Bessen and Meurer therefore conclude that, by the late 1990s, “patents likely provided a net *disincentive* for the firms who fund the lion’s share of industrial R&D; that is, patents tax R&D” (p.144).

Why did patent litigation costs begin to exceed patent profits in the mid 1990s? Bessen and Meurer believe the answer is the failure of patent notice. It was during this era that the Court of Appeals for the Federal Circuit made trial court claim constructions a question of law subject to *de novo* review, and permitted patentees to claim inventions such as software and business methods without being tied to physical embodiments.⁷ Coupled with an increasing volume of patent applications and increasing continuation applications, Bessen and Meurer argue that these changes substantially eroded the patent system’s notice functions (pp.150 – 151). Particularly for software inventions, Bessen and Meurer believe that abstractness is to blame for much of the current notice problem (pp.198–212).

Bessen and Meurer lay much of the blame for the failure of patent notice on the Federal Circuit, which in their view has not provided a predictable jurisprudence of claim construction that would provide clear notice of patent boundaries. As do many other commentators, they suggest that the appellate court should accord more deference to trial courts and the PTO when construing claims, rather than its current practice of reviewing claim construction *de novo* (p. 238). Somewhat more radically, they suggest that the current standard of claim indefiniteness – which upholds the validity of claims so long as they are not “insolubly ambiguous” – be strengthened, such that any claim with more than one plausible interpretation ought to be held invalid (p.239).

Other reforms suggested by Bessen and Meurer include an increased role for the PTO in determining patent boundaries: the PTO ought to issue (upon request) infringement opinion letters setting forth the Office’s opinion about whether a particular technology infringes or not, and that

such letters be accorded deference by the courts. Bessen and Meurer admit they do not have a general solution to the problem of abstract patents. But as a first step they suggest that software patents be treated to a heightened standard of enablement, similar to the one applied to many biotechnological inventions, in which the inventor's claims are limited more closely to the technology actually disclosed in the patent (p.245).

Without question, Bessen and Meurer's work provides an invaluable synthesis of leading economic research on patents, and succeeds in moving the debate about the patent system beyond the anecdotal. The scope and ambition of Bessen and Meurer's book, and its provocative conclusions, will unquestionably guarantee it a central role in future debates about the patent system. In that spirit, I will focus on a few aspects of their analysis that are likely to prove controversial and spur further research and debate.

The empirical core of Bessen and Meurer's work is their estimation of the value and costs of the patent system. Bessen and Meurer acknowledge that their measurements of patent value are subject to a number of uncertainties.⁸ But the more serious question lies in their use of event study data to measure the costs that patent litigation imposes on publicly traded firms. Bessen and Meurer base their measurement of lost value on the price of the defendant's stock within 24 days of the filing of a lawsuit. Naive observers might wonder whether subsequent events – for example, the defendant ultimately prevailing in the suit – might later reverse some of these losses. It is one thing to conclude that such changes accurately represent the short-term losses to a firm's shareholders; it is quite another to say that they accurately represent the long-term aggregate costs of patent litigation. To do so requires a great deal of faith in the Efficient Market Hypothesis: namely, that investors' short-term reaction to an infringement lawsuit accurately measures the lawsuit's ultimate effect on firm profitability. That assumption has not, to my knowledge, been empirically validated. To the contrary, according to some critics, the stock market's short-term reaction to patent judgments may exceed by an order of magnitude the losses measured by any reasonable estimate of future returns.⁹ Moreover, Bessen and Meurer's observation that the loss in defendant's market value is not offset by a corresponding gain in the plaintiff's market value does not necessarily demonstrate that “the combined wealth of the two sides to the lawsuit decreases”¹⁰ (p.137).

These criticisms do not undermine many of Bessen and Meurer's important findings: that the balance of patent value and costs is far more favorable in the chemical and pharmaceutical fields than in other industries, or that the

perceived costs of litigation for firms outside those industries has soared since the mid-1990s. But without knowing whether short-term market reaction accurately measures the real costs of patent litigation, Bessen and Meurer's most ambitious and sensational conclusion – that the current patent system operates as a net tax on innovation outside the pharmaceutical industry – remains unproven.

Whether or not the absolute costs of the patent system outweigh its benefits, Bessen and Meurer make a compelling case that uncertainty plays a major part in its escalating costs, and other difficulties as well. The question is what to do about it. As do many other commentators, Bessen and Meurer view claim construction as a question at least partly based in fact, on which the Federal Circuit ought to defer to the district court's determination of claim boundaries. Of course if we take seriously Bessen and Meurer's argument that patents need to work more like real property, we might note that interpreting deeds, grants, and other documents defining real property boundaries is generally considered a question of law and subject to *de novo* review¹¹ – as it is in the current claim construction regime. More importantly, as Bessen and Meurer acknowledge,¹² district courts would not necessarily set more predictable claim boundaries than the appellate court does. If patents are to work as property, boundaries must be predictable before litigation. For the defendant who discovers only at trial that he is within the boundaries of the claims, it would be little consolation to know that the verdict against him will likely be upheld on appeal. A district court's claim construction, shaped by the idiosyncratic process of a particular trial, might well be less predictable *ex ante* than the Federal Circuit's, in which case we should not be too concerned about preserving the district court's decision – which is, after all, only the penultimate step in a long process of patent litigation.¹³

Bessen and Meurer also propose that the PTO reject as indefinite any ambiguous claim. But even assuming we wish to devote that much effort to the vast majority of patents that will never be litigated, the problem with patent claims is that they are vague rather than an ambiguous.¹⁴ Just as most contracts will prove incomplete when some contingency not anticipated by the parties arises, nearly every patent claim will prove vague when put to the test.¹⁵

These criticisms aside, Bessen and Meurer have produced a landmark work that will prove useful and thought-provoking for legal scholars and other academics, but will also find a place on the shelf of non-specialists who

care about the future of the patent system and its role in fostering (or hindering, if Bessen and Meurer are to be believed) the process of innovation.

ENDNOTES

¹ Fritz Machlup, Study of the Subcommittee on Patents, Trademarks, and Copyrights of the Senate Committee on the Judiciary, 85th Cong., An Economic Review of the Patent System 80 (Comm. Print 1958)

² If a patent owner declines to pay the renewal fee, we know that the owner values the patent less than the cost of renewal.

³ All of Bessen and Meurer's valuations are expressed in constant 1992 dollars.

⁴ This estimate is roughly in line with parallel measurements Bessen and Meurer derive using another technique based on the market value of patent-holding firms. In these studies, complex regression techniques estimate the contribution of patents to a firm's market value, attempting to separate out the contributions patents make from other contributors to firm value such as physical assets and unpatented research and development. Bessen and Meurer estimate that from 1979 to 1997, public firms that conduct research and development derived about \$370,000 in market value per U.S. patent owned (p.105). Because the market regressions do not discriminate between the contributions of domestic and foreign patents to firm value, the estimate of \$113,000 per patent seems reasonable if we assume that the worldwide patent portfolios of U.S. firms are 2 to 3 times more valuable than their U.S. patents alone. The market regression technique estimates the total value of patent assets, which are detected by their ability to yield supra-competitive profits, as compared to other assets which yield competitive returns. By expressing this value in terms of the value per U.S. patent, Bessen and Meurer seem to assume that the return on foreign patent assets is proportional to the number of U.S. patents held by the firm.

⁵ Defined as those in which a single infringement case invokes patents from multiple technology groups.

⁶ Bessen and Meurer estimate patent profits by first calculating the value of worldwide patent assets using the firm market value method, and then assuming a 15% rate of return on those assets (p.114).

⁷ Of course the Federal Circuit's recent *Bilksi* decision reversed the court's willingness to permit patents on intangible processes.

⁸ The major complication in estimating patent values by renewal data is that the value of the most important patents – the 40% that are renewed through their full term – cannot be observed; all we know is that their owners value them more than the cost of renewal. The solution is to assume that the unobserved patents follow the same distribution of the observed patents (p.115). While it is not clear this assumption is justified, Bessen and Meurer use the more generous firm market value method in their comparison of value and cost (p.140).

⁹ See Glynn S. Lunney, On the Continuing Misuse of Event Studies: The Example of Bessen and Meurer, 16 J. Intell. Prop. 35, 48-50 (2008).

¹⁰ Studies examining other forms of litigation have also found that market value losses to defendants greatly exceed gains to plaintiffs. See *id.* at 41 (reviewing event studies). Bessen and Meurer assume this discrepancy measures deadweight losses in patent litigation, such as legal costs and diversion of managerial resources, as well as possible transfers of wealth from the involved firms to rivals and consumers. But a simple thought experiment suggests that the same reaction would be expected even if litigation efficiently transferred wealth from defendants to plaintiffs. Suppose Firm A sues Firm B, and investors perceive a certain probability that Firm A will pay Firm B a certain amount. Behavioral experiments have long shown that people disvalue probabilistic losses more than they value probabilistic gains. Investors will therefore disvalue possible losses in B's stock more than they will value possible gains in A's stock, even if they perceive the potential transfer of wealth from B to A to be costless. Hence, losses in B's value will exceed gains in A's value regardless of deadweight loss. One can of course dismiss such criticisms by assuming that investors are immune from cognitive bias, but then once again the validity of Bessen and Meurer's conclusions depend strongly on assumptions of market efficiency.

¹¹ See C.J.S. Boundaries § 222; Am Jur 2d. Boundaries § 112.

¹² Bessen and Meurer pp.237-38.

¹³ See generally Jeffrey A. Lefstin, Claim Construction, Appeal, and the Predictability of Interpretive Regimes, 61 U. Miami. L. Rev. 1033 (2007). At the least, it would seem more feasible to predict the actions of the dozen or so Federal Circuit judges, as compared to the difficulty of forecasting the actions of the hundreds of district court judges who might potentially preside over a case. The problem of predicting the actions of the appellate court would presumably worsen if jurisdiction over patent appeals was divided among multiple appellate courts, as Bessen and Meurer suggest (pp.230-31). Bessen and Meurer seem to believe that multiple appellate courts would produce a better jurisprudence of claim construction, which would outweigh the unpredictability associated with multiple courts (p.231). It is not immediately apparent, however, why multiple courts would evolve more a *predictable* jurisprudence of claim construction than the Federal Circuit has. The only other court that has wrestled with patent issues since the creation of the Federal Circuit – the United States Supreme Court – has consistently favored looser, standards-based approaches over the Federal Circuit’s bright line rules.

¹⁴ For example, in the Federal Circuit’s pivotal *Phillips* case on claim construction, the underlying dispute before the *en banc* court was not over some esoteric scientific term, but whether wall partitions described as “baffles” had to be angled with respect to the wall, or whether the term could encompass perpendicular partitions as well. See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1309-11 (Fed. Cir. 2005) (*en banc*). This is a question of vagueness rather than ambiguity, and very likely neither the patentee nor the examiner was conscious of this vagueness during prosecution. And if they were, a host of other questions could have arisen: could very thin or very thick partitions be “baffles”? Could they have holes in them rather than be solid? Need they extend the full height of the wall?

¹⁵ Bessen and Meurer also suggest that software claims might be reined in by treating them as an “unpredictable” technology, thereby subjecting them to a heightened enablement requirement (p.245). But if we are seeking to “limit[] claims more closely to the technology that the patent actually discloses” (p.245), then the question is not enablement – whether one of ordinary skill in the art could make and use the subject matter defined by the claims – but rather written description: whether the patentee has described in the disclosure the subject matter delineated in the claims. It is somewhat peculiar that throughout PATENT FAILURE Bessen and Meurer highlight the problem of confining the patentee to what he invented or

“possessed,” but refer exclusively to enablement when discussing patent disclosure. It may be that Bessen and Meurer did not wish to become embroiled in the controversy over whether § 112 contained a written description requirement separate from enablement. The *en banc* Federal Circuit recently confirmed the existence of an independent written description requirement in *Ariad Pharmaceuticals, Inc. v. Eli Lilly & Co.*, 598 F.3d 1336 (Fed. Cir. 2010) (*en banc*).

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THE RHETORIC OF INTELLECTUAL PROPERTY: COPYRIGHT LAW AND THE REGULATION OF DIGITAL CULTURE, by Jessica Reyman. Routledge, 2009. 177 pp. Cloth \$95.

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Jessica Reyman's *THE RHETORIC OF INTELLECTUAL PROPERTY: COPYRIGHT LAW AND THE REGULATION OF DIGITAL CULTURE* is a book whose time has come. As a book about the rhetorical divide between the content industry and copyright activists, it analyzes the deep rifts between the language of incentives and exclusivity and the counterdiscourse of cooperation and the commons. And as a piece about the upheaval in the socio-legal landscape of intellectual property rights, it is in good company. There are multitudes of recent books and articles that seek a solution to the divide that animates disputes about owners and users (many of whom Reyman cites, so I won't cite here). What Reyman does that is different from the developing scholarship on the "second enclosure movement"¹ is focus on a solution based on language rather than regulation. Recognizing that language is power – that rhetoric constitutes the culture we inhabit – Reyman analyzes in eight very manageable chapters the discursive landscape of the intellectual property culture wars and proposes a grammar for its armistice.

Reyman considers the discursive battle as one being fought over competing values: "one of control, which relies heavily on comparisons of intellectual property to physical property and emphasizes ownership, theft, and piracy; and another the value of community participation, seen in the implementation of new concepts such as that of an intellectual 'commons,' which emphasizes exchange, collaboration, and responsibility to a public good" (p.5). Reyman sees in the opposing discourses a potentially insurmountable problem of irreconcilability. In some very recent articles, intellectual property scholars have said similar things.² James Grimmelman, for example, describes an ambiguity in the language of sharing and the

commons that could either be harmonized with the default ethical vision of copyright (a model of voluntary commercial exchange) or could be in tension with that default vision. This ambiguity threatens the copyleft movement and potentially entrenches the default vision further. Grimmelman ends his essay with some suggestions for getting beyond the impasse, suggestions that Reyman was already taking up in the writing of her book: “We can complicate our conversations about copy norms by studying how ethical rhetoric is used to build up norms and to tear them down. We can craft more compelling copyright reforms by framing them in ethically appealing ways.”³ Reyman’s book is a study of the ethical rhetoric and a proposal for the reframing of that language to take advantage of the “democratic potential of a networked society” (p.25).

Central to Reyman’s project is the notion that language constitutes our world. “[L]anguage ... does not reflect intrinsic values or represent a fixed, objective truth about copyright law but rather constitutes the meaning and values arising from the specific conditions of a particular time in the history of cultural production” (p.26). Building from Foucault’s *Archaeology of Knowledge* and *The Order of Things*, Reyman describes a theoretical structure of discourse, power, and resistance through which she understands the copyright debates, specifically “how legal structures for copyright law are reified and resisted through acts of discourse, and how meaning is negotiated among dispersed points of power in the digital copyright debate” (p.34). Onto this, she adds a layer of narrative theory and metaphor that shape the copyright wars, drawing on scholars such as James Boyd White, Anthony Amsterdam and Jerome Bruner, Debora Halbert, Phillip Eubanks, George Lakoff and Mark Johnson as guidance.

Reyman does not need to convince me that language constitutes our culture and thus that legal reform can and must happen through self-conscious crafting of our aspirations with words, slogans, and stories. I have spent all of my professional academic life making a case for the interdisciplinary approach to law as the inevitable mode of advocacy and reform.⁴ I have always found it ironic that in a discipline and practice so deeply entwined with the literary, law ferociously maintains its purity from other disciplines. This is the by-now well-known argument of Stanley Fish, picked up by others, that “law wishes to have a formal existence.”⁵ The eruption of the “law and...” disciplines since the 1980s and the particular dominance of some of the fields today (e.g., law and economics or law and history) has dashed the hopes of law for its immunity to other fields.

Reyman's good book is yet another example of why legal analysis cannot and should not be undertaken without recourse to a diversified set of intellectual tools. With this book and her lens of rhetoric and composition studies, she has helped us better understand how certain legal arguments become entrenched and how we might find our way out of the trenches. If I were to offer any sustained critique of the book, it would be that it does not draw on the literature devoted to systematizing the cultural analysis of law.⁶ This literature could bridge the gap between discourse theory and organizational behavior (between the language of the law and the way legal actors or systems interact with each other). A cultural analysis approach, drawing on theories of cultural production or the sociology of organizations, might more thoroughly connect individual language choices and social structure. It may help explain more "thickly" how singular cases, such as *MGM Studios v. Grokster* (the subject of Reyman's Chapter 6), aggregate to instantiate systemic institutional power.⁷

Nonetheless, *THE RHETORIC OF INTELLECTUAL PROPERTY* is a well conceived book. It proceeds logically in eight chapters with two helpful appendices. Chapters 1 and 2 introduce the overarching concept of the project and make the case for the usefulness of a study of rhetoric to understanding the law and policy of digital copyright for society. Chapter 3 begins a historical discussion of U.S. copyright law as it comes into conflict with the digital age. Chapter 3 is geared toward those less familiar with copyright than intellectual property lawyers and scholars, but the clear prose, short length and helpful subsections make it a very readable and teachable chapter in this book.

Chapter 4 pulls from the content owner industry (mostly the music and movie industries) a dominant narrative of the importance of individual reward that is linked to the artificial creation of scarcity through intellectual property rights. Reyman calls this the "property stewardship narrative" (p.59). Digital technology arises in conflict with this narrative as a method for disseminating without pay and thus allegedly destroying the facilitation of cultural production. This chapter, along with Chapter 5, reconnects with Chapter 2's articulation of rhetorical forms and functions to demonstrate how the content industry's discourse develops characters and story structures describing "victimized businesses versus predatory technology developers and their opportunistic consumers" (p.59). Reyman also describes frequent metaphors used in the content industries' persuasive stories of just ownership and exclusion, such as that novels are like land or copyists are like pirates (p.67). The data for Chapter 4 draws from court filings, public relation campaigns and promotional materials.

Chapter 5 focuses on the rhetoric of the counterdiscourse as built around the metaphor of “the commons” and as building up a narrative of “the cultural conservancy” (p.75). Chapter 5 highlights the counterdiscourse’s core principle that digital networks and open access enhance democracy and social welfare (p.89). Reyman concludes this chapter by critiquing the ambiguity in the “cultural conservancy” narrative. She says that it insufficiently distinguishes between consuming copyrighted content for free and accessing that content to build up an information commons (pp.24, 92). This threatens the movement’s moral righteousness and its logical integrity. She also says that the counterdiscourse might fail because of its lack of fit with actual practices of peer-to-peer filing sharing (p.93).⁸ Data for Chapter 5 is drawn from organizational literature, scholarship and court filings.

Chapters 6 and 7 are case studies illustrating the conflicting narratives outlined in Chapters 4 and 5. Chapter 6 examines the rhetoric of *MGM Studios v. Grokster* – the case, the court documents, and the news coverage. This chapter highlights the competing values in *Grokster* exemplified by the “property stewardship” and the “cultural conservancy” narratives. Reyman asserts in this chapter that traditional intellectual property law furthers its narrative coherence by (1) eliding creative activity with monetary incentives and (2) oversimplifying complex cultural networks as the binary relationship between business person (author) and consumer (reader) (pp.97, 112). These refinements of the rhetoric of the intellectual property wars are important contributions to understanding the resistance to narrative change in law generally. Reyman shows how the legal stories of justice and desert are rooted in part on deep structural myths in our culture of individual incentives, consensual business relations, and creativity originating for individuals rather than groups.⁹ Chapter 7 picks up this theme and focuses on the RIAA and MPAA anti-piracy campaigns. Relying on public relations material and promotional advertising, this chapter discusses the campaign narratives that “teach[] respect [for private property]” and virtuous digital citizenship, framing these stories as about anti-theft rather than about control or anti-access. As in Chapter 6, Chapter 7 demonstrates how the “property stewardship” narrative builds upon the binary of owner and consumer and culminates in the resolution of the consumer as ethical digital citizen who protects the future of art by compensating the artist (p.131). Both of these chapters could stand on their own as independent essays to illuminate *Grokster* or the anti-piracy campaigns. They nonetheless fit nicely into the book’s progression and demonstrate the logic of the intellectual property wars as built on well-defined and competing rhetorical structures.

Chapter 8, “Toward a New Rhetoric of Copyright: Defining the Future of Cultural Production,” is a collection of thoughts on the weaknesses of the second enclosure movement as well as some broad suggestions for facilitating its advancement. Reyman suggests that we refocus the debate on users of technology (not a new idea, but certainly a good one) and the contextualization of use as either helpful or harmful. Technology is not neutral, she reminds us; it can be used for good or for ill. Counteracting the default intellectual property discourse with the bald statement that “technological advances are signs of progress” will not satisfy the traditionalists. Reyman’s more interesting contribution to the advancement of the access movement is to highlight its diverse and dispersed participatory base (p.140). She calls for more specific examples of harm caused by denial of access, examples that can serve as the cornerstones of new stories about why and how the commons and sharing are the preferred modes for both artists and audiences. Voices need to be “user-based” and “unified” around these examples that express a need for digital technologies, such as peer-to-peer (p.148). She also calls for more precise descriptions of the practices of cultural production that rely on digital sharing and mixing and a clearer articulation of the good these technologies produce (148). “[T]echnology developers and copyright activities face the very serious challenge of having not only to present a compelling argument regarding the utility of digital technology for cultural production, but they also have to define and defend a cultural shift in values in cultural production” (p.141). This reminds me of Julie Cohen’s very smart warning that the success of the movement requires at least two things: to “do the science” (produce detailed descriptions of cultural environment the movement seeks to obtain) and “generate a normative theory ... a story about what makes th[e] [cultural environment that this movement creates] good.”¹⁰ Reyman hasn’t done the science in this book, but she contributes to the growing call to action, which can only help the success of the movement actors, as long as they are paying attention.

In the end, I am not sure that changing the language of intellectual property rights from exclusivity to sharing, and from private ownership to the commons, is enough to shift perceptions and values that undergird our regulatory schemes. I do think it is one important facet of that change, however. And I am convinced that narrative structure facilitates the strength of the dominant legal regime as much as I believe that a really good counternarrative might lend doubt to the dominant story’s truth.¹¹ Importantly, I do not think that wholesale changing of our language – a counterdiscourse – can produce a revolution in baseline assumptions about

the value of and motivation for cultural production.¹² What can – and has – achieved revolutionary change is the ground-up development and incremental expansion of non-profit organizations and initiatives, such as Creative Commons (whose licenses number 130 million after only seven years) and open access initiatives as the default policy for institutions and governmental bodies (see, e.g., the National Institute of Health’s Open Access Policy). Contrary to the court cases, which are often narrow victories and limited to particular circumstances, and legislative reform, which can take decades and require a perfect confluence of political factors, institutional transformation or organizational founding can occur readily with small numbers of individuals and relatively small capital output.¹³ The catch is that these changes happen in situ – already in relation to the existing formal or informal organizational structures or constraints that have built into them traditional intellectual property default rules and values. But when culture is in contention, as it is in terms of the access movements and intellectual property’s future, truly engaging with the situation may be the best way to be heard.¹⁴

ENDNOTES

¹ James Boyle, *The Second Enclosure Movement and the Construction of the Public Domain*, 66 *Law and Contemporary Problems*, 33-74 (2003).

² James Grimmelman, *The Ethical Visions of Copyright Law*, 77 *Fordham L. R.* 2005, 2014, 2034 (2009). See also Jessica Silbey, *Comparative Tales of Origins and Access: The Future for Intellectual Property and the Rhetoric of Social Change*, 61 *Case Western L.R.* __ (forthcoming 2010).

³ Grimmelman, *supra* note 2 at 2036.

⁴ See, e.g., Jessica Silbey, *What We Do When We Do Law and Popular Culture?*, 27 *L & Soc. Inquiry* 139 (2002); Jessica Silbey, *The Politics of Law and Film Study: An Introduction to the Symposium on Legal Outsiders in American Film*, 42 *Suffolk L. R.* 755 (2009). For article dealing with intellectual property specifically, see Jessica Silbey, *Mythical Beginnings of Intellectual Property*, 15 *Geo. Mason L. R.* 319 (2008) and Silbey, *supra* note 2.

⁵ Stanley Fish, *The Law Wishes to Have a Formal Existence*, in *THERE’S NO SUCH THING AS FREE SPEECH—AND IT’S A GOOD THING*

TOO at p.141 (Oxford University Press, 1994). For a more recent incarnation of this argument, see Peter Goodrich, *Intellection and Indiscipline*, 36 *J. of L. & Soc'y* 460 (2009).

⁶ See, e.g., Austin Sarat and Jonathan Simon (eds.) *CULTURAL ANALYSIS, CULTURAL STUDIES, AND THE LAW: MOVING BEYOND LEGAL REALISM* (Duke University Press, 2003); Paul Kahn, *THE CULTURAL STUDY OF LAW: RECONSTRUCTING LEGAL SCHOLARSHIP* (University of Chicago Press, 1999); Susan S. Silbey, "Making A Place for Cultural Analyses of Law," 17 *L. & Soc. Inquiry* 39 (1992).

⁷ Clifford Geertz, "Thick Description: Toward an Interpretive Theory of Culture," in *THE INTERPRETATION OF CULTURES: SELECTED ESSAYS* at pp.3-30 (Basic Books, 1973).

⁸ This is something James Grimmelman discusses as well. See Grimmelman, *supra* note 2 at 2034.

⁹ See Jessica Silbey, *Mythical Beginnings*, *supra* note 4 (describing how traditional intellectual property law is based around "origin myths" that valorize beginnings in the individual and based on consent).

¹⁰ Julie Cohen, *Network Stories*, *Cultural Environmentalism @ 10*, 70 *Law & Contemp. Probs* 91 (2007).

¹¹ Silbey, *Mythical Beginnings*, *supra* note 4.

¹² Jessica Silbey, *supra* note 2 (making the argument that changing language is one step, but is not enough).

¹³ This is the theory of "structuration" from Anthony Giddens, in *THE CONSTITUTION OF SOCIETY: OUTLINE OF THE THEORY OF STRUCTURATION* (University of California Press, 1984).

¹⁴ For a more in depth argument expanding on this last paragraph, see Jessica Silbey, *supra*, note 2.

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The IP Law Book Review

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TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA (2nd ed.), by **Randall E. Kay and Rebecca Edelson, eds.** State Bar of California, 2009. 642 pp. Paper \$135.

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In California's high-tech economy, protection of trade secrets has always been critical to companies whose stock in trade is their intellectual capital, especially given that agreements not to compete will typically run afoul of California law. In today's difficult business environment it is more important than ever for companies to hang on to their know-how to avoid losing in a zero sum game. Lawyers advising California companies, therefore, must have a firm grasp of California's trade secret laws.

California business and intellectual property attorneys will be well served to add **TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA (2nd ed.)** to their reference libraries. This 25-chapter book published by the Intellectual Property Section of the State Bar of California covers almost every aspect of trade secret protection in California – and then some. Co-editors Randall E. Kay and Rebecca Edelson have assembled a team of 26 authors to pen chapters ranging from the most basic question, “What is a trade secret?,” to providing detailed guidance on how to protect trade secrets when contracting with the federal government.

According to the State Bar, **TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA** has been updated to include references to 65 new trade secret cases decided since the first edition was published in 2005. The book also boasts a discussion of trade secret preemption (pp.161-165), which was recently clarified by the Court of Appeal in *K.C. Multimedia, Inc. v. Bank of America Tech. & Ops., Inc.*,¹ as well as new chapters on trade secret licensing (Chapter 24) and the protection of ideas not qualifying as trade secrets (Chapter 25). The licensing chapter is one of the book's longest, dissecting each element of a typical license, providing

an understandable rationale for that element, and providing sample language for the attorney wishing to incorporate those elements into an agreement. Although somewhat out of place in a book about trade secrets, the chapter on idea protection is a nice introduction to the law of implied contractual obligations – which can often contradict the notion that ideas are free.

The book's opening chapters provide a primer on trade secret law and present a practically organized research guide for any attorney considering the basic question of whether there is, in fact, a trade secret worthy of protection. Chapter 1 defines the meaning of the term "trade secret" and then goes on methodically to provide dozens of specific, bullet-pointed examples of information that the courts have determined are (and are not) trade secrets, complete with a summary of the courts' reasoning. Chapter 1 also provides similar case-specific illustrations where courts have determined whether information can be considered "secret," along with a host of other threshold questions. Chapter 2 takes up where the first chapter leaves off, providing a detailed overview of what it means to "misappropriate" information.

The core of TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA, however, is the seven chapters focused specifically on procedures and strategies for prosecuting and defending trade secret litigation in court (Chapters 6-12). These chapters address everything from preparation of the initial pleadings to obtaining damages and other civil remedies. The authors have usefully distilled general principles as they relate to trade secrets so that the practitioner can easily find them in one place. Interestingly, however, despite recent U.S. Supreme Court decisions heightening requirements for pleading sufficient facts in a complaint,² the authors do not discuss what impact this line of cases might have on trade secret claims brought in federal court. The authors include only a "bare bones" template for drafting a trade secret complaint, which seems unlikely to pass muster under the altered pleading landscape now operative in federal courts.

Importantly, TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA dedicates two chapters to critical issues in the handling, preservation, and disclosure of trade secrets during the course of litigation (Chapters 8-9). This section will be of great interest to even the most experienced civil litigators, since the conflicting interests of trade secret plaintiffs, defendants, and the courts have made this area one of the most hotly contested aspects of trade secret litigation. The authors have

succeeded in providing a practical roadmap for navigating through this treacherous landscape.

The two chapters on litigation remedies outline the basic legal framework that will govern attempts to obtain preliminary and permanent injunctions, as well provide an overview of the types of damages that a plaintiff can obtain in a trade secret misappropriation case. In the chapter on injunctions (Chapter 10), the authors walk the reader through each element required to obtain an injunction and provide strategies that both plaintiffs and defendants can use to prevail. The chapter on damages (Chapter 11) is even more useful, taking the time to explore both basic and more creative damages theories and summarizing the courts' reasoning in accepting or rejecting those theories. Simple summaries of these cases provide useful context for a trade secret plaintiff to understand the scope of its losses (and how to prove them).

The editors have also included several "how to" chapters on topics such as setting up a trade secret protection program at a high-tech company, dealing with exiting employees, and contracting with the government. These chapters (two of which are penned by corporate counsel at major technology companies) provide step-by-step best practices for obtaining specific objectives, without getting lost in theoretical legal clutter. For example, the chapter on trade secret protection programs (Chapter 3) begins by discussing the benefits of a trade secret protection program and then laying out the contents of such a program, describing how to implement it at a company, and providing a list of helpful checklist of "do's and don'ts" that summarize what has come before. Similarly, a chapter on employment law issues (Chapter 4) contains some very useful tips attorneys can use when preparing nondisclosure agreements and avoiding illegal non-compete contracts.

Chapter 5 focuses on the genesis of many trade secret disputes – departing employees – and provides concrete steps an employer can take when an employee leaves to either (1) minimize the risk that the departing employee will try to compete with stolen trade secrets or (2) lay the evidentiary foundation for a compelling trade secret misappropriation claim. This chapter provides a brief overview of a key employee's exit interview and maps out the considerations a corporate client should go through in deciding whether to file suit. Although quite brief, this chapter gives the busy in-house attorney a framework within which to consider these issues.

Because Chapter 5 (like a few other chapters) does not contain legal citations, however, it is impossible to test the validity of some of its legal assertions. Of course, this approach is great for simplifying the discussion, but may lead to some confusion. For example, the author of this chapter states as a matter of fact that “any civil proceeding you might want to initiate would be stayed pending the outcome of a criminal case” (pp.137-138). Although the author cites to Chapters 13 through 18 (dealing with the criminal aspects of trade secret law), nothing in those chapters suggests that a stay of civil proceedings is inevitable when a criminal case is also instituted (even if, in practice, this is the typical result).

This points up one of the book’s biggest flaws: allowing multiple authors to address overlapping issues without the kind of internal consistency that a single author typically brings to a unified work. For example, both Chapters 8 and 9 contain somewhat repetitive discussions of the trade secret disclosure requirements under Code of Civil Procedure section 2019.210,³ such that the reader sees the same quotations and same case citations in support of the same legal points over the course of two chapters. Of course, even though working with multiple authors is challenging, the editors should address these issues in any future edition of the book.

The book’s six chapters on criminal trade secret litigation (Chapters 13-18), in contrast, are written by authors who succeed in laying out the basic legal and statutory framework of criminal trade secret liability without too much repetition. An introductory chapter (Chapter 13) provides an overview of this specialized area of law, followed by in-depth discussion of criminal trade secret misappropriation under Penal Code section 499c,⁴ California’s unauthorized access to computers statute under Penal Code section 502,⁵ and the federal Economic Espionage Act of 1996.⁶ These chapters provide a useful primer for attorneys interested in criminal aspects of trade secret law – including criminal defense attorneys and corporate counsel.

For attorneys considering whether to pursue criminal prosecution, the book includes a chapter weighing the pros and cons of seeking criminal prosecution (Chapter 17) and a chapter analyzing how a victim of trade secret theft can interest the government in pursuing a case against the perpetrator (Chapter 16). Although this chapter contains some practical discussion, more guidance as to what might go into a “briefing book” to persuade prosecutors into pursuing criminal trade secret cases would have been helpful.

Even where trade secret protection is not at the core of a dispute, parties may need to protect their trade secrets from disclosure in discovery or from disclosure by courts committed to providing open and public access. To this end, *TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA* includes chapters addressing the trade secret privilege and the First Amendment right of access to court records. The discussion of the trade secret privilege (Chapter 20) provides background and strategies for asserting the privilege and for protecting trade secrets even when disclosure is mandated by a court. The First Amendment chapter (Chapter 21), however, is largely theoretical providing little more than the justification for *why* our courts are open without providing the practitioner with useful strategies for actually achieving secrecy in an open environment.

From the preface, it appears that *TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA* was finished for print in April 2009. This means that, although the book is only a year old, it is already not as up-to-date as it could be. And, unfortunately, there does not appear to be any plan to supplement or update the book regularly. Thus, the user of this book will need to be sure to undertake a careful review of the legal issues to ensure that the law is current.

Further, although California's trade secret law is based on the Uniform Trade Secret Act, the authors and editors have chosen not to include discussions of issues decided under UTSA in other jurisdictions that may be persuasive to a California court. Of course, in the interest of brevity, this shortcoming is easily forgiven (especially in a book that is already over 600 pages). Nonetheless, it would seem that much of the book's repetition could be eliminated in favor of more thorough discussions of hot legal issues – even where there is no direct California law on point. These shortcomings, however, are relatively minor and, in the end, *TRADE SECRET LITIGATION AND PROTECTION IN CALIFORNIA* succeeds in providing both an invaluable overview of trade secret law in California as well as a resource that even experienced practitioners can turn to for guidance.

ENDNOTES

¹ 171 Cal. App. 4th 939 (2009).

² *Ashcroft v. Iqbal*, 556 U.S. ___, 129 S. Ct. 1937 (2009); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007).

³ CA Code Civ.Pro. §2019.210.

⁴ CA Penal Code §499c.

⁵ CA Penal Code §502.

⁶ 18 U.S.C. §§1831-1839.

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PATENT ETHICS: PROSECUTION, by David Hricik & Mercedes Meyer. Oxford University Press, 2009. 392 pp. Paperback \$225.

Reviewed by Christopher M. Holman, University of Missouri-Kansas City School of Law.

In common parlance, the term "ethics" is most often associated with that branch of philosophy which seeks to address questions about morality; concepts such as good and evil, right and wrong, justice, and virtue. There is currently much debate over the morality of certain types of patents, particularly patents relating to genes and embryonic stem cells, as reflected in a number of recent books and articles on the subject, as well as attempts to strike down patents perceived by some to be immoral, both in the U.S. and abroad. But in the context of legal practice, the word is more often used to describe the rules of professional responsibility that govern the conduct of attorneys and other professionals, the violation of which can lead to severe and costly consequences for practitioners and their clients, and it is in this sense that **PATENT ETHICS: PROSECUTION** uses the term.

The book provides practical advice for patent practitioners to assist them in navigating the challenging professional responsibility environment in which they operate. This is not a philosophical inquiry; the focus is on managing risk and avoiding malpractice liability, and there is little if any discussion of truly moral considerations. That said, **PATENT ETHICS** does an excellent job of identifying the many potential "ethical" pitfalls confronting these practitioners, in a manner that is comprehensive, up-to-date and practical, filling an important niche that to my knowledge is not addressed in any other book. It also provides practical advice on best practices, along with exemplary language for use in written communications with clients and potential clients, and should be a welcome addition to the bookshelf of many patent prosecutors.

The book is co-authored by David Hricik, a law professor with substantial practice experience, and Mercedes Meyer, an attorney whose practice

focuses on patent prosecution in the area of biopharmaceuticals. As correctly noted by Stanford's Professor Mark Lemley on the book's back cover, "David Hricik is the nation's leading expert on patent ethics". He has written extensively on professional responsibility in patent practice, both prosecution and litigation related, and this book is in large part the product of a consolidation and updating of his previous publications in this area.

According to the authors, and I do not doubt that this is true, malpractice claims based on the alleged violation of the standards of professional responsibility or other errors in patent prosecution have increased dramatically in recent years, both in number and the severity of the consequences (p.2), making the book particularly timely. The book reports that firms practicing patent law have recently displaced securities law firms for the unenviable distinction of the highest cost for malpractice insurance (p.2). Law firms and practitioners are not the only ones at risk; ethical missteps by practitioners, inventors, and other individuals involved in patent prosecution can result in a finding of inequitable conduct, potentially rendering a valuable patent unenforceable. The stakes are high, and the book's succinct, thorough and up-to-date treatment of the subject provides much-needed guidance for practitioners seeking to minimize and manage the risk.

The authors begin by explaining the scope of authority granted to patent practitioners registered to practice before the U.S. Patent and Trademark Office (PTO), and perhaps more importantly, the limits on that authority, which if exceeded can constitute the unauthorized practice of law, an ethical violation. One aspect of patent prosecution that distinguishes it from other legal practices is the ability of non-lawyer patent agents to perform many of the legal tasks performed by patent attorneys. However, as non-attorneys, patent agents only have authority to represent applicants before the PTO "in the preparation and prosecution of patent applications," and thus assisting clients in related matters such as opinion work, licensing, or contracts can easily lead to the unauthorized practice of law by the patent agent. In 2008, the PTO issued formal guidance delineating a more narrowly circumscribed range of permissible prosecution-related activities for patent agents than many had previously assumed. The book summarizes the guidance, and discusses the important implications for patent agents and attorneys who work with patent agents.

In Chapter 3 the book identifies and summarizes the various state, federal, and model codes of professional conduct that can apply to patent practitioners. In some cases, there can be a conflict between the ethical

obligations dictated by state law and the PTO Code of Professional Conduct, potentially rendering it difficult if not impossible for a practitioner to satisfy both. Resolution of the conflict could depend on whether the PTO Code preempts state law, but unfortunately it is currently unclear whether courts will apply preemption in this context. The authors make a strong case for preemption, but conclude with the sound practical advice that a practitioner should seriously consider following the more stringent of the potentially applicable standards to avoid becoming the test case to address the issue (p.19).

The book also addresses problems a practitioner might encounter relating to client identity. For example, an inventor might assume that the practitioner is her lawyer, when in fact it is the inventor's employer, or perhaps another third party who has retained the practitioner, that is actually the client to whom the practitioner's allegiance must lie. The authors provide practical advice for clarifying the relationship between inventor and practitioner early on to minimize misunderstanding and a potential lawsuit (p.37).

Some of the thorniest issues facing patent prosecutors arise as a consequence of potential conflicts between duties owed to the client and to the PTO. For example, the PTO Code of Professional Conduct imposes a duty of candor on patent practitioners, which can conflict with the duties of loyalty and confidentiality set forth in the Model Code of Professional Responsibility, the Model Rules of Professional Conduct, and state disciplinary rules. Resolution of the conflict might vary from state to state, and could depend on whether the state standards of responsibility are preempted by the federal PTO code, and as pointed out in the book there currently is no clear answer. In fact, in some situations it might be impossible for a practitioner to maintain compliance with all of the rules. The authors effectively explain the nature of the conflict and provide advice to help practitioners deal with the situation should it arise or, better yet, avoid getting into the situation altogether.

When a patent is litigated, it has become common for the alleged infringer to accuse the patent owner of inequitable conduct in order to render the patent unenforceable. These claims are most often rooted in allegations of prosecution misconduct by the applicant and/or practitioner, such as a failure to comply with the duty of candor. If inequitable conduct is shown, the consequences can be severe, not only for the patent owner, but also for the practitioner who might become the subject of a malpractice lawsuit or professional sanctions. It is thus appropriate that a large part of the book is devoted to the duty of candor and inequitable conduct, running through

many of the various prosecution scenarios that have led to allegations of inequitable conduct, and providing guidance to practitioners for minimizing the risk.

The primary message I took away from reading the book is that patent prosecution is a professional responsibility minefield, and there are practices that raise the risk of stumbling upon a mine, but there are also practical strategies for minimizing the risk. For example, representing multiple clients attempting to patent inventions relating to similar subject matter can leverage the technical expertise of a practitioner or law firm, but also increases the potential for conflicts. Movement of attorneys from one firm to another, particularly when partners bring a large number of cases and clients to the new firm, likewise increases the potential for conflicts. A firm or attorney that chooses to both litigate and prosecute patents takes on additional risk, particularly in cases where the same firm that prosecuted a patent attempts to represent the client in an infringement litigation involving the same patent. The authors do a good job of explaining the risks, and providing recommendations of best practices for ameliorating risk.

Another point brought out by the book is that in many cases it would be impractical or cost prohibitive for a firm to adopt practices that would wholly eliminate the risk of creating an inadvertent conflict. The authors recognize the practical limitations on real-world legal practice, and identify the current prevalent practice by law firms (p.157), which is often less than optimal for avoiding conflict but which is all that is possible without becoming so costly that it would be too expensive for clients.

Although in my view the primary audience for this book will be practitioners, it will also be of interest to academics and judges seeking a concise treatise on the topic. The authors not only provide practical advice for dealing with the law as it currently stands, but also point out problems and policy concerns with the current state of the law, as well as some practical solutions. For example, some recent inequitable conduct decisions seem to adopt an overly expansive view of the duty to disclose, which not only overburdens the patent examiner but also increases costs for the clients (p.158). It also creates a Catch-22 for the patent applicant, who might one day be charged with disclosing too many references and thereby burying the key references. The book implies that judges on the Federal Circuit could do a better job of deciding inequitable conduct cases in a manner that creates the proper incentives for candid disclosure without unnecessarily imposing vague and onerous disclosure requirements on patent practitioners and their clients (pp.152-54).

Although overall the book will serve as a valuable resource for patent prosecutors, some sections provided little substantive value and struck me as unnecessary filler. For example, in Chapter 7 the authors explore the ethical duty of competency in the context of patent prosecution by addressing various substantive aspects of patent law and practice. Some of the observations in this chapter struck me as painfully obvious. For example, the authors state that "[a]lthough electrical engineers and mechanical engineers can frequently prosecute patents in each other's area, many biotechnology practitioners would not feel comfortable prosecuting applications directed to semiconductors or software" (p.77). Belaboring the point, they observe that "a mechanical engineer or electrical engineer might be no more competent in discerning the best ways to claim a stem cell and obviate the existing part, than a practitioner with a doctoral or masters degree in molecular biology necessarily would be in working on subject matter relating to microchip design or laser design" (p.79). The audience for this book is sophisticated enough not to need this sort of mundane advice.

The substantive aspects of patent law and patent prosecution extend well beyond the scope of a book such as this, which is focused on professional responsibility, and I think much of Chapter 7 could have been omitted. In some cases, the authors provide very specific advice on claim drafting, for example, where they assert that "stem cells today are better claimed in a product-by-process claim, as the full understanding of the subject matter defies ready description as a product" (p.78). But only a small fraction of readers will be drafting claims to stem cells, and those that are presumably have thought through the various alternate ways for claiming them, so why include this in the book? At the other extreme, the book provides cursory treatment to patent doctrines such as the definiteness and best mode requirements, which I also suspect most readers would find unhelpful. This book will be primarily of interest to patent practitioners, who are well aware of the basic doctrines of patentability, and for those who don't there are already fine treatises on patent law which provide extensive coverage of these topics.

Another section of the book I found to be unnecessary filler is Appendix 3, which provides a 26-page list of final decisions by the PTO Office of Enrollment and Discipline (OED). Anyone interested in looking at these decisions can access them online. The authors provide brief parentheticals characterizing the decision, e.g., "practitioner was excluded on consent from practice before the USPTO," or "practitioner was suspended for an

indeterminate period from practice before the USPTO,” but without further analysis I don't see that the list provides any substantive value to readers.

While in my view some of the book's content could have been omitted, its inclusion is consistent with the authors' clear intent to provide a thorough, comprehensive, and up-to-date treatise on this important and timely topic. Overall, I see the book as a valuable contribution to the literature, filling an important need. In the future, when I have any question involving patent prosecution and professional ethics, I am sure that PATENT ETHICS will be the first place I turn.

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The IP Law Book Review

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HUMAN RIGHTS AND THE WTO: THE CASE OF PATENTS AND ACCESS TO MEDICINES, by **Holger Hestermeyer**. Oxford University Press, 2007. 369 pp. Paperback \$55.00.

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Human rights and patent rights have become increasingly intertwined in discussions surrounding access to pharmaceutical drugs by citizens of developing countries. This discussion is a particularly contentious one for reasons of socioeconomics and geography. Drug companies in more developed countries (“MDCs”) tend to own the patent rights covering newer medicines, and justify the monopoly prices they charge as a necessary return on investment for inventing new drugs. Less developed countries (“LDCs”), lacking the purchasing power to pay monopoly prices for patented drugs, tend to argue that monopoly prices for drugs violate human rights of access to medicines. The result is an often shrill debate over the primacy of patent rights or human rights. In his excellent book, **HUMAN RIGHTS AND THE WTO: THE CASE OF PATENTS AND ACCESS TO MEDICINES**, Holger Hestermeyer has tackled this complex and contentious conflict, disentangled it into its essential constituent parts, including patent law, human rights, and international trade under the World Trade Organisation (“WTO”) regime and its side-agreement on Trade-Related Aspects of Intellectual Property (“TRIPS”), and then artfully reconstructed a clear, cogent, and hopeful model of how to approach a resolution. His research is meticulous, his prose spare yet fluent, and his arguments persuasive and well-supported.

One of the signal strengths of the book is its masterful illustration of how interconnected seemingly disparate areas of legal doctrine can be. The book neatly clarifies and contextualizes the clash between patent rights and human rights over access to drugs in LDCs, and then illuminates the most significant issues underlying this clash to make them both accessible and fascinating to the reader. This is more difficult than it might appear to be.

Human rights law is usually associated with passionate advocates and moral arguments. It inspires strong opinions among both supporters and opponents of particular initiatives, and excites broad interest. By contrast, patent law and international trade law are burdened by esoteric doctrines, impenetrable nomenclatures, and highly technical subject matters. Much more limited audiences are attracted to discussions of most-favored nation status, nonobviousness, non-tariff barriers, and swearing behind prior art. However, by demonstrating the vital implications that human rights law, patent law, and international trade law have for each other, the book makes all three fields more interesting. Furthermore, by demonstrating that the apparent independence of human rights law, patent law, and international trade law is illusory, at least in the case of access to medicines in LDCs, the book illustrates the need for legal scholars focused on any one specialty to expand their understanding of other specialties, if only to understand their own specialty more completely.

The book takes a systematic approach to the issue of human rights, patent rights, international trade, and access to patented drugs in LDCs. After a brief précis of the main argument, Chapters 2 and 3 provide backgrounds to patent law and access to medicine as a human right, respectively. These two chapters provide a reader inexperienced in either of these two areas of law with detailed, yet manageable, tours through their histories, rationales, and current legal doctrines. Particular strengths of Chapter 2 include the context it provides for current national and international patent regimes. It accomplishes this through a detailed consideration of the historical origins and diversity of philosophical justifications underlying patents and an effective overview of the rights conferred by the patent grant. Chapter 4 sets up the central argument of the book: that TRIPS-imposed patent regimes in both MDCs and LDCs block access to patented drugs in LDCs by imposing unaffordably high prices. Chapter 5 then suggests that this problem of access may be ameliorated, though not entirely solved, by a “human rights-based interpretation” of TRIPS-imposed patent obligations that privileges rights of access to medicine over strong enforcement of patent rights.

Hestermeyer does not hide that fact that his sympathies lie with greater access to patented drugs in LDCs. Yet, he resists the temptation to call for radical legal change. It is a testament to the balanced and scholarly approach he takes in his book that the solution he advocates relies on countries’ fulfillment of their existing human rights obligations rather than the imposition of new legal obligations concerning patents, international trade, and human rights. The book concludes cautiously, suggesting that

the conflict between patent rights and human rights is permanent, and will require constant rebalancing (p.292).

The weaknesses of the book are rather insubstantial in comparison to its considerable strengths. Only a few bear mention. In general, the citations are excellent. In fact, the wealth of research found in the footnotes alone makes this book a valuable resource for scholars. Occasionally, however, a substantial factual assertion goes unsupported or the support cited is weak or mistaken. For example, early in the book Hestermeyer makes the assertion that there exists a “common claim that inventors traditionally (and everywhere) have a right to a patent” (p.21). No citation is provided to support this bold statement, and little support can be found elsewhere in the book. Later, philosopher John Locke is described as “rooting patent protection in natural law” (p.25), though Locke himself fails even to mention patents in the cited reference. Another weakness involves the strong assertion that patents lead to higher prices for medicinal drugs (e.g., pp.135-166). “Higher” implies a comparison to something else, as Hestermeyer himself acknowledges (p.144). But, for a drug to receive patent protection in a properly functioning patent system, that drug must have been new and nonobvious compared to the prior art. What can the price of a previously unknown drug, adjudicated by a scientifically-skilled patent examiner to be significantly different than existing drugs, be meaningfully higher than? While it is true that competition in the absence of patent protection could lower prices by preventing the patent owner from successfully charging monopoly prices, the book appears neither to advocate the abolition of patents in all countries nor to offer persuasive evidence that, absent the incentive of patent protection, a sufficient supply of new and useful drugs would be invented and developed prospectively. This claim of “higher” prices, so important to the overall thesis of the book, requires either better justification or better explanation of the justification provided. Finally, Hestermeyer focuses his discussions of drugs almost entirely on small-molecule drugs, certainly a traditional mainstay of pharmaceutical medicine, but a category of drugs whose relative importance is rapidly declining in the face of newer “biologics” developed by biotechnology. In fact, the word “biotechnology” does not even appear in the subject index (p.361). Nevertheless, these few quibbles are greatly outweighed by the many and manifest strengths of the book.

HUMAN RIGHTS AND THE WTO is a necessary resource for any scholar interested in the legal nexus of human rights, patents, and international trade. It provides a superb model of how to integrate multiple, disparate bodies of law into a cogent and synthetic account. This book provides a

well-researched, well-written, and persuasive account of, and approach to, a modern medical tragedy the resolution of which has proved complicated, unpredictable, and elusive. Through a combination of meticulous research, an obvious interest in ensuring that medicines reach the patients who need them in LDCs, and a fluent ability to weave together three complex and largely disparate bodies of law, Holger Hestermeyer has produced a masterful synthesis of law, policy, and measured advocacy.

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