



PATENT, TRADEMARK & COPYRIGHT



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Conferences/Intellectual Property

Scholars Discuss IP Boundaries And Potential Reforms at Conference

WILLIAMSBURG, Va.—Proposing a new agency to regulate fair use, new patent examiner allocation efforts, and incentives for creativity, scholars from around the country exchanged views Feb. 6-7 at a William and Mary Law School conference titled “Boundaries of Intellectual Property.”

Fair Use Regulation and Assumptions. Posing the question, “Who should regulate fair use of a copyrighted work?” Jason Mazzone, a professor at Brooklyn Law School, concluded that administrative agencies are better suited for the task than Congress or the courts.

“With neither Congress nor the courts effectively regulating its boundaries, fair use fails to perform its role in promoting creativity and the dissemination of information,” Mazzone said. As a consequence, he said, “[c]opyright owners leverage the vagueness of the law to interfere with fair uses of copyrighted works.”

To solve this problem, Mazzone suggested the creation of a new administrative agency—“The Office of Fair Use,” or “TOFU”—to provide guidance to the courts. TOFU would have adjudicative authority, and a copyright owner could file a complaint with TOFU to have the fair use defense assessed before proceeding to a court, he said. By shifting fair use evaluations “from litigation to administration,” such an agency would be better equipped to define clear fair use standards for prospective users and to deal with new technologies, he said. Its determinations would not be legally binding, Mazzone said, but would be persuasive.

Taking another approach to the fair use analysis, Rebecca Tushnet, a law professor at Georgetown University, Washington, D.C., considered marketplace assumptions and how the idea of abundance in creativity can provide a guide to appropriate limits on copyright law.

Tushnet said that there are those who create by incentive and those who have a taste for creation. She argued that because people often create without monetary gain in mind, copyright law might be “a potential barrier to creativity as much as it is a potential aid.”

According to Tushnet, “the desire to create can be excessive, beyond rationality, and free from the need for economic incentive.” Using fan fiction and *Second Life* as examples, Tushnet argued that “desire is central to economic life, but because it is hard to contain in a transaction it seems to break through and disrupt boundaries . . . [it is] not reducible to an economic argument.”

Thus, Tushnet said that we should continue to recognize fair use, even if the market tries to claim it.

Improving Examiner Performance. Presenting his theories on how the patent examination process could be improved, Michael J. Meurer, a law professor at Boston University, called for expanded examiner training, improved customer service, and regular audits of the efforts expended by patent examiners across different examination tasks.

An abstract of Meurer’s paper on patent examination posits that it might be advisable to push examiners to focus on particular weaknesses in the patent examination process. If, for example, we know that Section 112 errors have very few appeals, it makes sense to have examiners focus on Section 103 issues of obviousness so as not to cause those errors, Meurer said.

Meurer also offered four suggestions for monitoring patent examiner performance: (1) create a more piece rate system to keep the “assembly line” moving; (2) create a customer service culture that would minimize errors; (3) make greater use of audits to ensure that the patent examination gets “a second pair of eyes”; and (4) offer improved training so that examiners pay closer attention to the scope of the claims at issue.

Damages Issues. From his upcoming article “Distinguishing Lost Profits From Reasonable Royalties,” Stanford Law School Professor Mark A. Lemley dis-

cussed the blurring lines between lost profits and reasonable royalties in patent damages. He asserted that the Federal Circuit frequently awards reasonable royalty damages to those who are not able to prove entitlement to lost profits.

Because of this pattern, Lemley said we are now in a world where patent owners would rather have reasonable royalties than lost profits. He said that courts, in assessing damages, should draw a sharp division between the injury suffered by patentees who compete with infringers and those who do not. To avoid over-compensating patent owners in reasonable royalty cases, he said, patentees who participate in the market should be entitled to the best estimate of lost profits.

Morality and Patentable Subject Matter. Margo A. Bagley, a law professor at the University of Virginia, Charlottesville, noted that patentable subject matter boundaries have expanded in recent decades to include biotechnological inventions involving living matter as well as computer-implemented inventions. Such shifts in patentable subject matter boundaries have also brought shifts in conceptions of the boundary of morality as a boundary in patent law, Bagley said.

Such morality concerns as how an invention was made were traditionally ignored in patentability and patent enforceability determinations, Bagley said.

John F. Duffy, a law professor at George Washington University, explored the “fundamental dilemma” confronting courts and lawmakers in constructing the law of patents—that patents convey property rights and thus demand some level of certainty, but they also cover invention, which by its nature is uncertain. The conflict between certainty and invention is reflected in the debate between rules and standards, Duffy said. “Clear rules provide the certainty necessary for property rights, but standards provide the flexibility to accommodate the new and unpredictable wonders of human ingenuity.”

“The unruly process of creative destruction has the power to undermine today’s legal rules every bit as much as it does today’s industrial products, processes and institutions,” Duffy said. He suggested that courts should try to avoid big rules, especially at the appellate level, and if they do create rules, the courts must be tolerant of their under/over-inclusiveness.

“A rule is not a policy goal,” Duffy said. If courts start taking rules and try to match them to the policy they think it is furthering, trouble will soon follow, he warned.

What is the Cost of What? Wendy J. Gordon a law professor at Boston University, and Jessica Litman, a law professor at the University of Michigan, Ann Arbor, cited the need for “more mental discipline,” in discussing intellectual property matters.

Gordon stated that there are too many actionable suits based on a mere showing of a boundary, not the proof of harm, wrongdoing, or profit gain.

Gordon also cited the importance of fair use laws by asking the rhetorical question of “what is the cost of what.” She analogized a car collision where, if drivers had no liability, pedestrians would become incredibly careful in walking (and if drivers had full liability, there would be more jay walking and incredibly slow/careful drivers)—externalizing all the costs from the drivers and putting it on the pedestrians.

It is the same in copyright, Gordon said: if an author is given all the rights to a work, and there is no fair use, there would be no criticism, citations, etc. if we always have to ask for permission.

Other conference speakers and topics included:

- University of Washington Law School Professor Jane Winn and her paper “Better Regulation for Consumers: Integrating ICT Standards and Consumer Protection”;

- Chicago-Kent College of Law Professor Graeme B. Dinwoodie and his paper “Developing a Private International Intellectual Property Law: The Death of Territoriality?”

- Loyola University Chicago School of Law Professor Brett Frischmann and his paper “Spillovers Theory and Its Conceptual Boundaries”;

- University of Notre Dame Law School Professor Mark P. McKenna and his paper “An Alternate Approach to Channeling?”;

- University of California at Berkeley Professor Pamela Samuelson and her paper “Evolving Conceptions of Patent and Copyright Subject Matter.”

By NATHAN POLLARD