



IP Literature Watch

CRA Charles River
Associates

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

IP & Antitrust

The policy implications of licensing standard essential FRAND-committed patents in bundles

Anne Layne-Farrar (Charles River Associates; Northwestern University)

Michael A. Salinger (Boston University – Questrom School of Business)

Working paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2846147

Patents declared to standard development organizations (SDOs) as potentially essential for compliance with standards under development within the SDO are typically bound by so-called FRAND commitments – promises from the patent holder to license the patents on fair, reasonable, and nondiscriminatory terms and conditions. It is widely agreed that FRAND commitments impose certain constraints on the terms and conditions that patent holders may seek from licensees in comparison to licensing patents without a FRAND commitment. But exactly what those constraints might entail has been the subject of heated debate for at least a decade. The particular constraint discussed in this paper is whether FRAND prohibits patent portfolio licensing, where both FRAND committed and non-essential, non-FRAND-committed patents are bundled together into a single license. We explain that the answer to that question is “No, FRAND does not create a blanket prohibition against portfolio licensing.” Whether such a patent portfolio license honors a FRAND commitment depends on the specific licensing terms and conditions comporting with FRAND.

Rationalizing FRAND royalties: can interpleader save the internet of things

Jason R. Bartlett (Mauriel Kapouytian Woods LLP)

Jorge L. Contreras (University of Utah – S.J. Quinney College of Law)

Review of Litigation, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2847599

Important technical interoperability standards may be covered by hundreds or thousands of patents held by dozens of parties. Patent holders are often required to license these patents to others on terms that are “fair, reasonable and non-discriminatory” (FRAND), and litigation regarding the level of FRAND royalties is expanding. One serious problem that has emerged is the inherent difficulty of determining a “reasonable” royalty rate for a particular standard-essential patent in isolation from the many other

patents covering the same standard. Reasonable royalty determinations in litigation are made in a bottom-up manner, patent holder by patent holder, patent by patent, usually in separate proceedings. While individual royalty determinations in these proceedings may seem to adhere to judicial and contractual requirements regarding “reasonableness,” there is no reason to believe that the aggregate royalty rates established through these uncoordinated, serial processes will be reasonable in terms of the overall value that the patented technology contributes to the standard or the product. Unreasonable and inconsistent royalties on important interoperability standards create social costs by impeding value-creating transactions. To address this problem, we propose that the mechanism of statutory interpleader be used to join the holders of all patents covering a particular technology standard into a single proceeding in which an aggregate “reasonable” royalty may be determined and then apportioned among the holders of individual standards-essential patents. This approach will both enhance fairness of royalty determinations and reduce the costs inherent in multiple independent proceedings. Finding such a solution is particularly critical today, as technology convergence continues to impact standardization in key areas such as next-generation wireless communication and the “Internet of Things.”

Patent disclosures and standard-setting

Josh Lerner (Harvard Business School – Finance Unit; Harvard University – Entrepreneurial Management Unit; National Bureau of Economic Research (NBER))

Haris Tabakovic (Harvard Business School)

Jean Tirole (University of Toulouse 1 – Industrial Economic Institute (IDEI); University of Toulouse 1 - Groupe de Recherche en Economie Mathématique et Quantitative (GREMAQ); Centre for Economic Policy Research (CEPR))

Working paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2851539

A key role of standard setting organizations (SSOs) is to aggregate information on relevant intellectual property (IP) claims before deciding on a standard. This article explores the firms’ strategies in response to IP disclosure requirements — in particular, the choice between specific and generic disclosures of IP — and the optimal response by SSOs, including the royalty rate setting. We show that firms with a stronger downstream presence are more likely to opt for a generic disclosure, as are those with lower quality patents. We empirically examine patent disclosures made to seven large SSOs, and find results consistent with theoretical predictions.

IP & Innovation

Tournament incentives and firm innovation

Carl Hsin-han Shen (National Central University)

Hao Zhang (Rochester Institute of Technology (RIT) – Saunders College of Business)

Review of Finance, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2281663

This study analyzes how promotion-based tournament incentives for non-CEO senior executives affect corporate innovation. We measure tournament incentives using the pay gap between a CEO and the next layer of senior executives. We find that tournament incentives are positively related to innovative efficiency, as measured by the number of patents and patent citations generated per million dollars of R&D expense. Our main finding holds in an instrumental-variable analysis and regressions using alternative innovation measures, including patent generality and originality indices and stock market reactions to patent grants. Consistent with the argument that the tournament incentive is stronger when a succession contest is more likely to occur, the positive relation between tournament incentives and innovative efficiency is found to be particularly pronounced during the period prior to CEO turnovers,

especially when the succeeding CEO is promoted from within the firm and when senior managers expect a high probability of CEO replacement. Overall, our findings suggest that tournament incentives enhance corporate innovation performance.

The uncharted waters of competition and innovation in biological medicines

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Florida State University Law Review, Vol 44, 2017, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2848606

Six years ago, Congress fundamentally changed how federal law encourages the discovery and development of certain new medicines and for the first time authorized less expensive “duplicates” of these medicines to be approved and compete in the marketplace. The medicines at issue are biological medicines, generally made from, or grown in, living systems. Many of the world’s most important and most expensive medicines for serious and life-threatening diseases are biological medicines.

We have a profound interest in understanding and evaluating the impact of this legislation on innovation and competition. Scholars and courts considering this question may be tempted to reason from, or analogize to, experience with generic drugs. And the 2010 biosimilar law was similar to the 1984 generic drug statute in basic purpose and structure. But the biologic framework as a whole — the complete landscape within which innovation and competition in biological medicines take place — is profoundly different from anything that scholars and courts have seen before.

This Article is the first to offer a high level description of the framework organized around the characteristics that define it and distinguish it from the conventional drug framework. It argues that unlike the drug framework, the framework for competition and innovation in biologics is variable and dynamic. And it argues that biologic framework separates and distinguishes patents, both conceptually and functionally, from the regulatory paradigm. As a result, although scholars and policymakers focusing on innovation incentives and competitive behavior with respect to medicines have decades of experience with the generic drug paradigm, there is a meaningful risk that this experience is mostly irrelevant when it comes to biologics. This article provides the basis for understanding both the specific differences and broader thematic divergence at play in the biologic paradigm.

Protecting innovation through patents and trade secrets: determinants and performance impacts for firms with a single innovation

Dirk Crass (Centre for European Economic Research (ZEW))

Francisco Garcia-Valero (European Union Intellectual Property Office)

Francesco Pitton (VVA Europe Sprl)

Christian Rammer (Centre for European Economic Research (ZEW) – Industrial Economics and International Management Research)

ZEW - Centre for European Economic Research Discussion Paper No. 16-061

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2844731

This paper tests a number of hypotheses on the use and effectiveness of patents and trade secrets designed to protect innovation. While previous studies have often considered patents and trade secrets as substitutes for one another, we investigate the complementary role of the two protection methods. We identify protection strategies for single innovation firms and hence overcome the assignment problem of existing empirical studies, i.e. whether firms using both protection methods do so for the same innovation or for different innovations. Employing firm panel data from Germany, we find fairly few differences between the determinants for choosing secrecy and patenting. Single innovators that combine both strategies, 39% of the group, tend to aim at a higher level of innovation and act in a more uncertain technological environment. Firms combining both protection methods yield significantly higher sales with new-to-market innovations. Using only secrecy has slightly stronger positive impacts on firm profitability.

IP & Litigation

Injunctive relief in U.S. patent cases

Jorge L. Contreras (University of Utah – S.J. Quinney College of Law)

Injunctions in Patent Law (Rafal Sikorski, ed., 2017 Forthcoming)

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2845036

The law of injunctive relief in United States patent cases presents a puzzling set of contrasts. On one hand, it is grounded in venerable common law principles of equity that have been applied by the courts for centuries. On the other hand, it reflects the unique complexities of massively multicomponent products and advanced technology standards. This chapter provides an overview of the U.S. law of patent injunctions, both generally and specifically as applied to standards-essential patents. It also addresses, briefly, considerations surrounding the issuance of exclusion orders by the U.S. International Trade Commission (ITC), a non-judicial federal agency that has recently become an important venue for patent litigation.

Lundbeck v. Commission: the first decision of the European General Court on reverse payments

Amalia Athanasiadou (University of Neuchatel, Faculty of Law)

Jusletter, 2016

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2851449

On September 8, 2016, the General Court of the European Union published its decision on *Lundbeck v. Commission*, its first decision on patent settlements involving reverse payments. This commentary focuses on the main points of the *Lundbeck* decision: the role of the patent and of the presumption of patent validity in the antitrust analysis, the issue of potential competition and the importance of the size of the payments. It presents the General Court's analysis and considerations which led to a finding of a restriction of competition by object and also discusses the influence of the U.S. Supreme Court's decision in *FTC v. Actavis* on the General Court's reasoning. Finally, it argues that the General Court's decision does not amount to a class condemnation of all patent settlements involving reverse payments as restrictions by object and maintains that the standard set by the *Lundbeck* decision is not necessarily harsher than the one embraced by *FTC v. Actavis*.

International arbitration of patent claims

Thomas H. Lee (Fordham University School of Law)

'International Arbitration of Patent Claims' in Contemporary Issues in International Arbitration and Mediation: The Fordham Papers 2015 (Arthur W. Rovine, ed., 2016), Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2849465

Multinational companies often have multiple patents in different countries on the same invention or innovation. This often results in extremely costly parallel patent litigations in various national courts. In this Essay, Professor Lee proposes how private arbitration might be used to solve the multi-patent, multi-forum litigation problem. The under-utilized U.S. patent arbitration statute, which allows arbitration of patent validity challenges (as well as patent infringement, licensing, and ownership issues) provides a useful basis for the solution.

IP Law & Policy

Patent assertion entity activity: an FTC study

Federal Trade Commission

<https://www.ftc.gov/reports/patent-assertion-entity-activity-ftc-study>

Patent assertion entities (PAEs) are businesses that acquire patents from third parties and seek to generate revenue by asserting them against alleged infringers. PAEs monetize their patents primarily through licensing negotiations with alleged infringers, infringement litigation, or both. In other words, PAEs do not rely on producing, manufacturing, or selling goods. When negotiating, a PAE's objective is to enter into a royalty-bearing or lump-sum license. When litigating, to generate any revenue, a PAE must either settle with the defendant or ultimately prevail in litigation and obtain relief from the court.

In acquiring and then asserting patents, PAEs target individuals and businesses that already use (at least allegedly) the patented technology. PAE activity therefore results in what often are referred to as ex post patent transactions because any patent license or settlement occurs after someone has developed or marketed the product at issue. This contrasts with ex ante patent transactions in which the technology and related patent rights transfer from an inventor to a manufacturer before the product is developed and marketed. The fact that PAE activity facilitates ex post, as opposed to ex ante, patent transactions has raised policy questions about the role of PAEs in promoting innovation and economic growth.

To begin answering these questions, researchers at several government agencies and academic institutions have studied PAE business models to evaluate the specific impact on patent litigation. These studies have focused on publicly observable litigation behavior and relied on publicly available litigation data. A deeper understanding of PAE business models, however, requires consideration of behavior that is not publicly observable or available, such as how the entities structure and organize themselves, or their confidential acquisition and licensing terms and data.

The Federal Trade Commission has authority under Section 6(b) of the Federal Trade Commission Act to collect confidential business information and conduct industry studies. We used our authority to study PAE acquisition, litigation, and licensing practices because more data on and analysis of the non-public aspects of PAE business models can enhance the quality of the policy dialogue. Furthermore, to better understand how PAE business models compare with other business models that utilize patent licensing, we conducted a more specific study of the wireless chipset sector, in which not only PAEs, but other non-practicing entities (NPEs) and wireless chipset manufacturers (Wireless Manufacturers) assert wireless-technology patents.

In the general PAE study, the FTC analyzed information from 22 Responding PAEs and over 2,500 of both their Affiliates and other related entities...FTC observed two distinct PAE business models: Portfolio PAEs and Litigation PAEs.

We examined the practices of each of these respondents across an almost six-year period between January 2009 and mid-September 2014. Of the related entities, 327 engaged in active assertion behavior, namely, sending demands, suing for patent infringement, or licensing patents, during the study period. In the wireless chipset case study, the FTC compared the behavior of PAEs active in the wireless chipset sector with eight manufacturers and five NPEs that asserted patents in this sector. This report describes our major findings from the study and makes recommendations for future reform.

Patent assertion entities in Europe. Their impact on innovation and knowledge transfer in ICT markets

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Garry Gabison (European Commission, Joint Research Centre)

<https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/patent-assertion-entities-europe-their-impact-innovation-and-knowledge-transfer-ict-markets>

Patent assertion has become a common practice in shaping the balance between technology creation and technology dissemination in the Information and Communication Industry (ICT). The importance of this practice for the functioning of ICT markets has given rise to new entities that enforce patents but do not utilise the patented technology, commonly referred to as patent assertion entities (PAEs). This study provides an overview of patent assertion practices and of PAEs in Europe, taking into consideration their impact on innovation and technology transfer in European ICT markets.

Decoupling patent law

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Boston University Law Review, Vol. 97, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2854375

Patent law is applied in a variety of settings, including the Patent Office in determining an applicant's initial entitlement to a patent, the courts in enforcing patent rights, and the Patent Office in reconsidering previously issued patents. These settings differ significantly in their functions, timing, structure, procedures, and decision makers. Yet, identical patent law rules are generally applied in identical ways in each. This norm of coupled patent law is presumed, with little theoretical justification. Yet, problems arising from the norm of coupled patent law may underlie current disagreement among Congress, the Supreme Court, the Federal Circuit, and commentators about the optimal design of patent law. Simply put, it may be impossible to develop a single, optimal set of rules to be applied uniformly in the very different settings of the patent system. Rather, for patent law to be optimal in practice, rather than just in theory, it may need to be tailored to reflect the different contexts and decision makers of the patent system. Decoupling patent law to apply different rules, standards, tests, presumptions, etc. in the different settings of the patent system, like patent acquisition in the Patent Office and patent enforcement in the courts, may be warranted. This Article makes the normative case for decoupled patent as tool of patent law design and provides an initial framework for implementing it, addressing statutory and practical concerns.

Frontiers in precision medicine: exploring science and policy boundaries

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Working paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2851946

Precision medicine is being developed today within a complex landscape of public policy, science, economics, law, and regulation. Important features of this landscape include health care financing, patent protection for new innovations, regulatory approvals of tests and therapies, patient consent and access, and protection of privacy. In these and other policy areas, the goal of developing individually-tailored therapies poses novel challenges for health care research, delivery and policy. In December 2015, the University of Utah School of Medicine, Huntsman Cancer Institute and S.J. Quinney College of Law convened a two-day symposium at which national experts in genetics, medicine, bioinformatics, intellectual property, regulatory science, health economics and bioethics discussed and debated many of

the pressing questions raised by precision medicine. The key arguments, conclusions and unresolved issues that emerged from the symposium are summarized in these proceedings.

Copyright & Trademark Law

Advanced copyright issues on the Internet

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Working paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2847799

During recent years, the Internet has become the basic foundational infrastructure for the global movement of data of all kinds. With continued growth at a phenomenal rate, the Internet has moved from a quiet means of communication among academic and scientific research circles into ubiquity in both the commercial arena and private homes. The Internet is now a major global data pipeline through which large amounts of intellectual property are moved. As this pipeline is increasingly used in the mainstream of commerce to sell and deliver creative content and information across transnational borders, issues of intellectual property protection for the material available on and through the Internet are rising in importance.

Rigged results? Antitrust lessons from keyword auctions

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Tulane Law Review, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2849192

Bid rigging is quintessential criminal antitrust conduct. Yet search-engine optimization experts publicly advise firms to agree with competitors not to bid on each other's trademarks in search-engine keyword auctions and evidence indicates that companies enter such agreements. Why would these experts feel confident counseling firms to suppress bids in these auctions? The answer might be a belief that bid suppression (or other anticompetitive conduct) is lawful if it involves a putative intellectual property ("IP") right, in this case a trademark or brand-related term. Under this logic, an agreement not to bid on another firm's trademarked terms in search-engine keyword auctions is efficient because it amounts to a commitment not to perpetrate an unlawful act — infringing a trademark. Firms and their advisers might even believe that such agreements are procompetitive because they conserve party and judicial resources and diminish potential consumer confusion. This reasoning assumes that bidding on a competitor's trademark for use as a keyword constitutes infringement. However, no court has found trademark liability solely based on auctioning, bidding on, or purchasing a trademarked keyword. Parties have litigated this issue repeatedly and the law is in flux. This legal uncertainty puts firms contemplating such bid-suppression agreements and courts evaluating them in a difficult position, one that requires navigating the borders between antitrust law and IP rights. Indeed, these agreements raise the broader question of how to analyze potentially anticompetitive IP settlements when it is unclear if the rights involved are valid and infringed. This is an important issue: IP settlements are common and affect billions of dollars of commerce. Achieving an appropriate balance between the exercise of IP rights, which are crucial to many forms of innovation and help spur economic expansion, and the antitrust laws, which protect competitive markets, is critical. This Article proposes a novel framework for analyzing search-engine keyword bid-suppression agreements and other forms of settlements involving uncertain IP rights. Drawing from settlement theory, this framework takes into account the value of decisional law in promoting competition and challenges the assumption many courts rely upon that settlement is necessarily procompetitive. The Article argues that courts should apply the antitrust laws to keyword bid-suppression agreements and other potentially unlawful IP settlements where the validity or infringement of the underlying IP right is in question and that uncertainty affects a class of cases. It details the factors

courts should take into account in undertaking this antitrust analysis. This new framework is more administrable than current approaches to IP settlements and provides increased clarity to marketplace actors. It also better balances the policy preferences inherent in the IP and antitrust laws.

IP & Asia

The RCEP and Trans-Pacific intellectual property norms

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Vanderbilt Journal of Transnational Law, Vol. 50, 2017, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2851354

In the past few years, the Trans-Pacific Partnership has garnered considerable media, policy and scholarly attention. Rarely analyzed and only occasionally mentioned is the Regional Comprehensive Economic Partnership (RCEP). This Agreement is currently being negotiated among Australia, China, India, Japan, New Zealand, South Korea and the 10-member Association of Southeast Asian Nations (ASEAN). Launched in November 2012 under the ASEAN 6 framework, the RCEP negotiations build on past trade and non-trade discussions between ASEAN and its six major Asia-Pacific neighbors.

This article examines the RCEP, with a focus on the intellectual property norms that the partnership agreement seeks to develop. The first half of the article focuses on the RCEP as a mega-regional agreement. It begins by briefly discussing the partnership's historical origins. It then explores three possible scenarios in which the Agreement will help shape trade and intellectual property norms in the Asia-Pacific region. Specifically, the article examines the scenarios in which the Agreement will function as a rival pact, a building block, or an alternative path.

The second half of this article turns to a more specific focus on intellectual property norms that are being established through the RCEP negotiations. It not only discusses the latest leaked draft of the RCEP intellectual property chapter, but also analyzes the Agreement in five distinct areas: copyright, trademark, patent, trade secret and intellectual property enforcement. The article then tackles the easy question concerning whether the RCEP Agreement will contain an intellectual property chapter — and if so, whether such a chapter will look like the chapter in the TPP Agreement. The article concludes by turning to a much harder question concerning whether the RCEP intellectual property chapter will contain high or low intellectual property standards.

Fine-tuning the IP approaches for fostering open science: some insights from India

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Working paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2844625

Open science is a global movement attempting to reclaim certain core values of science. One such value is openness. Given the important role of science in political, economic, social and technological development, it is important to identify the legal and policy reforms required to promote open science. Besides analysing the benefits of open science, it is also important to analyse the challenges in practising open science, particularly in the global south. In the context of one of the countries in the global south, i.e. India, this paper analyses how approaches towards intellectual property rights (IPRs) can be fine-tuned for fostering open science.

This paper begins with an introduction that contextualises the discussion. Section II of this paper examines in detail the current crisis in science. Section III introduces how open science emerged as a

movement to counter this crisis. It also discusses the diverse benefits and challenges of practising open science. Section IV analyses the implications of open science for the global south. In this section, we also map the evolution of the open movements in India. In Section V, we discuss how the approaches towards IPRs could be modified to foster the open science movement in India. The article concludes by highlighting some areas for future research.

China: from imitator to innovator?

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Working paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2846428

For a long time, China was viewed as the world's “workbench,” rather than as a global innovator. However, recently, China undertook significant efforts to transform towards a research and innovation orientation, by, e.g., setting research goals in its 12th Five-Year Plan that established a Chinese National Patent Development Strategy. In this paper, we examine the effects of that government policy change and assess how it has impacted firm innovation. To address potential endogeneity concerns, we use the policy change as a quasi-natural experiment, and explain the exogenously caused variations. We also use a “difference-in-differences” approach to, e.g., propensity score matched U.S. peers, and find that the policy change had a positive effect on Chinese firms’ research spending, as measured by research intensity. We also show that Chinese firms increased their research spending in response to the strategic shift by the government in 2008, relatively outpacing their U.S. peers during the same time period. However, Chinese companies have not yet overtaken their U.S. peers. Rather, they have reduced the gaps between them.

Other IP Topics

Patent claims and patent scope

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USPTO Economic Working Paper 2016-04

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2844964

Patent scope is one of the important aspects in the debates over “patent quality.” The purported decrease in patent quality over the past decade or two has supposedly led to granting patents of increased breadth (or “overly broad” patents), decreased clarity, and questionable validity. Such patents allegedly diminish the incentives for innovation due to increased licensing and litigation costs. However, these debates often occur without well-defined measurements of patent scope. This paper explores two very simple metrics for measuring patent scope based on claim language: independent claim length and independent claim count. We validate these measures by showing that they have explanatory power for several correlates of patent scope used in the literature: patent maintenance payments, forward citations, the breadth of patent classes, and novelty. Using these data, we provide the first large-scale analysis of patent scope changes during the examination process. Our results show that narrower claims at publication are associated with a higher probability of grant and a shorter examination process than broader claims. Further, we find that the examination process tends to narrow the scope of patent claims in terms of both claim length and claim count, and that the changes are more significant when the duration of examination is longer.

Solving ethical puzzles to unlock university technology transfer client work for an intellectual property legal clinic

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Boston University Journal of Science and Technology Law, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2847775

Intellectual property (IP) and technology legal clinics are experiencing an unprecedented surge in popularity. Before 2000 there were only five such clinics, but by 2016 there were seventy-four, with fifty added since 2010 alone. As law schools are approving new IP clinics and as practitioners are developing syllabi, there is an increasing need to share knowledge about models that work and how to avoid pitfalls.

One potentially fertile – but traditionally underutilized – source of client work for an IP and technology clinic is the university technology transfer office (“TTO”), the department that protects, markets, and licenses all university intellectual property. Through TTO projects, students access cutting-edge technologies, grapple with sophisticated legal concepts, and conform their legal counsel to business realities. Yet very few IP clinics accept TTO projects at all, let alone focus on them as a sizeable percentage of their docket.

This disconnect might be explained by the unexpected and thorny ethical challenges that this work can present. For example, with disclosure an especially acute concern with such high-stakes patents, are students who are not members of a state Bar sufficiently bound to a duty of confidentiality? What happens to attorney-client privilege when students from the business school and students from the law school work together on a project? When the project involves advising a new spin-out venture built around a university-owned technology, how can the students share the advice with both the TTO and the venture without compromising privilege, breaching confidentiality, and running the risk of developing a conflict of interest? And finally, if the project exposes students to prior art when there is an active patent application, are they ethically bound to report the information, even if it may defeat the client’s patent?

Drawing on the specific experiences of a clinic that has been doing tech transfer work for four years, this article first suggests a model for engagement and then identifies and analyzes some of the most important ethical challenges this work presents. Analyzing the Model Rules, the USPTO Guidelines, and the latest case law in the areas, it suggests solutions for clinics interested in working with the TTO to unlock great potential for student professional development, university innovation, and scientific and technological entrepreneurship in general.

About the editor

Dr. Anne Layne-Farrar is a vice president in the Antitrust & Competition Economics Practice of CRA. She specializes in antitrust and intellectual property matters, especially where the two issues are combined. She advises clients on competition, intellectual property, regulation, and policy issues across a broad range of industries with a particular focus on high-tech and has worked with some of the largest information technology, communications, and pharmaceuticals companies in the world.

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