



June 2020

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

Rescuing Antitrust's Role in Patent Holdup

Michael A. Carrier (Rutgers Law School)

168 U. Pa. L. Ver. Online, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3625799

Standards, common platforms allowing products to work together, are ubiquitous in our economy. But imagine that a company:

1. has a patent needed to use a standard,
2. promises to license the patent on reasonable terms, and then
3. says it was just kidding as it seeks to block the product or charge an exorbitant price.

In such a case, the users of the standard are stuck. They have invested in technologies based on the standard. And they may be forced to pay a price reflecting not the added value of the technology but the costs of switching to a new technology. In other words, they are subject to "patent holdup."

The concerns threatened by patent holdup have consistently been acknowledged by officials in Republican and Democratic administrations. These concerns are front and center in Carl Shapiro and Mark Lemley's excellent article, *The Role of Antitrust in Preventing Patent Holdup*. In contrast, they are neglected by the current Assistant Attorney General of the Department of Justice's Antitrust Division, Makan Delrahim.

This Essay does four things. First, it explains why the Shapiro/Lemley article is important, particularly to situate today's patent holdup debates in the larger context of transaction cost economics. Second, it raises questions related to standards organizations' rules and antitrust law that the authors could more fully consider. Third, it offers additional support showing the radical nature of Delrahim's position. And fourth, it opines on the nature of academic debate and its effect on antitrust enforcement.

A ‘Primarily Property’ Presumption Is – Still – Really Needed for the IP/Antitrust Interface

Lawrence J. White (New York University (NYU) – Leonard N. Stern School of Business, Department of Economics)

Working Paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3613218

Antitrust discussions in the U.S. have a long tradition of describing intellectual property (IP) – primarily patents and copyrights – in unqualified terms of “monopoly”. Although there have been substantial efforts over the past two decades to pull back from this automatic association, the presumption of unqualified monopoly continues to appear in important legal decisions – as well as in legal and social sciences academic discussions – that involve IP.

There is another place where these decisions and discussions might start: with a presumption that any IP is “primarily property” – albeit with some important distinctions that separate IP from “garden variety” tangible property and that raise the possibility of market power in some instances.

This paper explores the important similarities – and differences – between “garden variety” property, such as real estate, and IP; it concludes that the similarities are substantial, so that the presumption that IP is “primarily property” is a reasonable alternative starting point for antitrust/IP discussions. It then discusses some beneficial differences that this alternative starting point could have made and/or could still make.

IP & Licensing

License to All or Access to All? A Law and Economics Assessment of Standard Development

Organizations’ Licensing Rules

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

Richard Stark (Cravath, Swaine & Moore LLP)

George Washington Law Review, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3612954

In the continuing debate over licensing standard essential patents (SEPs) with FRAND commitments (to license on fair, reasonable, and non-discriminatory terms and conditions), one of the most heated topics is whether FRAND commitments should be interpreted to require licensing all comers, or whether access to standards can be achieved through other, less rigid means. This article evaluates both the legal and the economic arguments underlying this debate. This article concludes that neither the law nor economic welfare justifies a “license to all” interpretation of FRAND commitments. To the contrary, such a regime is not supported by patent, contract or antitrust law, and likely would be harmful to social welfare.

Stylized Facts of US Patenting – Issue Rates, Entry Pendency, Characteristics of Office Actions, Examiner Citations and Child Continuations across Technology Centres and Geographies

Anand Shah (Tata Consultancy Services Ltd.)

Anu Bahri (Tata Consultancy Services Ltd.)

Working Paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3600769

We examined ten years (1st January 2008 until 31st December 2017) of the regular non-provisional utility applications data (~3.63 million applications) from three different United States Patent and Trademark Office (USPTO) sources – Patent Examination Data System (PEDS), Patents-view database and Office Action Research data set, to present stylized facts of the US patenting process.

We analysed cross sectional and temporal variation in the patent issue rates, entry pendency, office actions (percentage disposal and entry pendency conditional on the nth office action instant, type of rejections, proportion of citations in different types of rejections), child continuation behavior and citations by applicants and examiners in the granted applications. This analysis was performed across progenitor and continuation applications, both at first action disposals or post office actions and across eight technology centers and seven geographic locations (North America, Western Europe, Japan, Korea (South), Taiwan, China and India).

The patent issue rate differed substantially between technology centers and geographic locations based on the type of patent application and its nature of disposal i.e. at the first action or post office actions. The patent issue rate were higher and the entry pendency lower for the continuation applications, than that for the progenitor applications. Continuation applications were more likely ~ 28% against ~ 19% of the progenitor applications to exhibit child continuity – a possible strategic use of continuations. Examiners provided more US citations than foreign citations; thus, an exhaustive US prior art study could be of value to the applicants. Emerging markets showed an increasing trend in the number of patent applications filed with USPTO – from 2008 to 2017, China and India showed a compound annual growth rate (CAGR) of ~ 15% and ~ 10% in the number of patent applications filed, respectively.

The Complicated Relationship of Patent Examination and Invalidation

Greg Reilly (IIT Chicago-Kent College of Law)

69 American University Law Review 1095, 2020

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3594840

The conventional view is that the Patent Office examines patent applications before issuance to assure compliance with the statutory criteria of patentability. Ex post invalidation in district court litigation or Patent Office cancellation proceedings then reviews the Patent Office's work to correct errors that result from the Patent Office's shortcomings, bias, or "rational ignorance" that limits resources spent on examination because of the irrelevance of most patents. Scholars, the Federal Circuit, and the Supreme Court have all endorsed this conventional view. However, it is wrong — or at least overly simplistic. The American patent system is only partially a system of ex ante patent examination. In other respects, it functions as a registration system where significant aspects of patentability determinations are left entirely to ex post patent invalidation in litigation and administrative proceedings. Even if the Patent Office was allocated greater resources and its examiners performed their assigned tasks perfectly, full evaluation of patentability would be impossible due to structural features of examination that exclude certain categories of prior art,

prevent evaluation of the full extent of the patent owner's exclusive rights, and allow only a snapshot evaluation of a patentability question that changes over time. Given that parts of the patentability evaluation are structurally impossible in examination, the role of ex post invalidation is more nuanced than traditionally described. In some instances, it performs a review function to correct errors in the Patent Office's examination. In other instances, however, it serves an examination function to provide a first-instance evaluation of the aspects of patentability which are structurally unsuited for ex ante examination. Yet, the design of the patent system does not reflect the structural limits of examination or varied roles of ex post invalidation. A proper understanding of patent examination and invalidation sheds light on current debates over the presumption of validity, administrative patent cancellation, and the role of ex ante examination.

IP & Litigation

Federal Judge Invalidates Icosapent Ethyl Patents – But Based on a Common Statistical Mistake

Gregory Curfman (American Medical Association)

Deepak Bhatt (N/A)

Michael Pencina (N/A)

Working Paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3618671

In a recent decision that stunned many in the legal and pharmaceutical communities, the chief judge of the U.S. District Court of the District of Nevada in Las Vegas, Judge Miranda Du, struck down 6 key method-of-use patents for the omega-3 fatty acid preparation, icosapent ethyl (Vascepa®). If this judgment is allowed to stand on appeal in *Amarin Pharma, Inc., v. Hikma Pharmaceuticals USA, Inc., et al.*, it will have major implications not only for the patent protection of this drug but for pharmaceutical patents and biomedical innovation more generally.

We review the background of this judicial opinion and suggest the decision should be reversed on appeal. The Judge based her opinion on her conclusion that the patents, at the time of the invention, would have been obvious to a person having ordinary skill in the art (35 U.S.C. § 103). As we will show, a key piece of the prior art, which was central to this case, included an incorrect conclusion based on a common statistical error. Our central argument is that prior art that is scientifically incorrect should not be an acceptable basis for invalidating patents as obvious.

Development and Initial Validation of Empirical Ordinary Observer Test for Design Patent Infringement

Charles Mauro (Mauro Usability Science)

Chris Morley (Mauro Usability Science)

Paul Thurman (Columbia University, Mailman School of Public Health)

Working Paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3620088

Data-driven decision-making is ubiquitous in today's society and modern neuroscience methodologies enable leveraging data-driven decision-making in design patent litigation. The empirical ordinary observer test (EOOT) utilizes neuroscience-based research methodologies to aid the finder of fact in design patent infringement determinations based on the ordinary observer test (OOT). The EOOT provides the finder of fact with robust data from a large sample of representative consumers regarding

how an ordinary observer perceives a patented and accused infringing design according to the OOT. Such data enables the finder of fact to decide from the perspective of the ordinary observer with greater accuracy. The EOOT was designed to meet federal requirements for scientific evidence. This paper presents an initial validation of the EOOT based on the designs involved in the presidential Supreme Court of the United States (SCOTUS) design patent infringement case *Gorham v. White*. Four hundred respondents (N = 400) completed an online survey featuring tasks based on the core components of the OOT and the relevant *Gorham v. White* designs. The results of the online study supported the results of the *Gorham v. White* case, indicating initial validation of the EOOT.

IP & Innovation

Competition Laws and Corporate Innovation

Ross Levine (University of California, Berkeley – Haas School of Business; National Bureau of Economic Research (NBER))

Chen Lin (The University of Hong Kong – Faculty of Business and Economics)

Lai Wei (Lingnan University – Department of Finance and Insurance)

Wensi Xie (The Chinese University of Hong Kong (CUHK) – CUHK Business School)

NBER Working Paper w27253

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3615449

A central debate in economics concerns the relationship between competition and innovation, with some stressing that competition discourages innovation by reducing post-innovation rents and others emphasizing that more contestable markets spur currently dominant and other firms to invest more in innovation. We examine the impact of competition laws on innovation. We create a unique firm-level dataset on patenting activities that includes over 1.4 million firm-year observations, across 68 countries, from 1991 through 2015. Using a new, comprehensive dataset on competition laws, we find that more stringent competition laws are associated with increases in firms' number of self-generated patents and the citation-impact and explorative nature of those patents. We also conduct the first examination of the relationship between competition laws and firms' acquisition of patents from other firms. We find that competition increases patent acquisitions but lowers the ratio of acquired to self-generated patents. The results hold when using country-industry data on 186 countries over the 1888-2015 period.

That's Classified! Inventing a New Patent Taxonomy

Stephen Billington (Ulster University)

Alan Hanna (Queen's University Belfast; Queen's University Belfast – Queen's Management School)

Working Paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3606142

We investigate how patent classification influences the interpretation of patent statistics. Innovation researchers currently make use of various patent classification schemas, which are hard to replicate. Using machine learning techniques, we construct a transparent, replicable and adaptable patent taxonomy, and a new automated methodology for classifying patents. We then contrast our new schema with existing ones using a long-run historical patent dataset. We find quantitative analysis of patent characteristics are sensitive to the choice of classification; our interpretation of regression coefficients is schema-dependent. We suggest much of the innovation literature should be carefully interpreted in light of our findings.

Patent-Based News Shocks

Danilo Cascaldi-Garcia (Board of Governors of the Federal Reserve System)

Marija Vukotic (University of Warwick)

FRB International Finance Discussion Paper No. 1277

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3625096

We exploit firm-level data on patent grants and subsequent reactions of stocks to identify technological news shocks. Changes in stock market valuations due to announcements of individual patent grants represent expected future increases in the technology level, which we refer to as patent-based news shocks. Our patent-based news shocks resemble diffusion news, in that they do not affect total factor productivity in the short run but induce a strong permanent effect after five years. These shocks produce positive comovement between consumption, output, investment, and hours. Unlike the existing empirical evidence, patent-based news shocks generate a positive response in inflation and the federal funds rate, in line with a standard New Keynesian model. Patenting activity in electronic and electrical equipment industries, within the manufacturing sector, and computer programming and data processing services, within the services sector, play crucial roles in driving our results.

Patent Boxes and the Success Rate of Applications

Ronald B. Davies (N/A)

Dieter F. Kogler (N/A)

Ryan Hynes (N/A)

CESifo Working Paper No. 8375

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3633660

Patent boxes significantly reduce the tax rate applied to income earned from a patent. Existing work finds that those reductions increase the number of patents. That said, not all patents are equally novel. In particular, the patent box encourages the submission of patents of marginal novelty, a selection effect that would reduce the average success rates of patents. At the same time, the increased return to patenting encourages additional effort in application preparation and prosecution, increasing success rates. While this predicts an ambiguous effect, due to lower financing costs, the net impact should be smaller for frequent innovators. We use data from applications to the European Patent Office from 1978 to 2017 and find that the introduction of a patent box increases the average success rate of applications by 4.4 percentage points, with the estimated effect becoming negative for frequent innovators. We further find that this effect is greater when boxes apply only to new innovations and when local development is required to access tax reductions. This suggests that for the frequent innovators, who form the bulk of submissions, patent boxes may indeed be encouraging the submission of marginally-novel applications.

IP Law & Policy

Re-Thinking the 'Motivation to Combine' in Patent Law

Joshua Lee Sohn (Independent)

48 AIPLA Q.J. (2020)

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3596476

In determining whether a patent claim is invalid for obviousness, one of the most important inquiries is whether a skilled artisan would have been motivated to combine the prior art references that are alleged to invalidate the claim. The Federal Circuit has consistently held that this

“motivation-to-combine” inquiry is a question of fact. However, this Article argues that the Federal Circuit is mistaken. Treating the motivation-to-combine inquiry as a question of fact violates Supreme Court precedent and eviscerates the settled rule that obviousness itself is a question of law. Moreover, treating the motivation-to-combine inquiry as a question of fact makes patent litigation more cumbersome and inefficient by impeding summary judgment on the obviousness defense. Thus, the Federal Circuit should discard its rule that the motivation-to-combine inquiry is a question of fact and should instead treat this inquiry as part of the ultimate obviousness determination—a question of law.

The Protection of Well-Known Marks Under International Intellectual Property Law

Frederick Mostert (King’s College London)

Cambridge Handbook of International and Comparative trademark Law, forthcoming 2020 (edited by Irene Calboli and Jane C. Ginsburg)

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3586336

Advertising and the way it functions on social media platforms, such as Instagram and Facebook, is changing the way brands spend their marketing budgets away from traditional media towards social media to promote their famous and well-known marks. The Internet provides increasing opportunities for us to purchase internationally famous branded goods and services. In fact, brands are usually preceded by their reputations. Branded goods or services are often pre-advertised and pre-sold even though they are not yet physically present in the market of any particular country. Against the reality of this background, there is certainly no doubt in the minds of business-people that the reputation and goodwill attached to their famous brands have become detached from national and local borders.

Patent Term Extension and the Active Ingredient Problem

Nicholas Vincent (New York University School of Law)

9 N.Y.U. J. Intell. Prop. & Ent. L. 279

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3607553

Patent term extension (PTE) is a statutorily-based mechanism to compensate inventors for patent term loss due to regulatory delay during the drug approval process at the United States Food and Drug Administration (FDA). In the context of pharmaceutical products, PTE is only available for the active ingredient of a drug formulation. Case law and interpretation of the relevant statutory text have clearly delineated the boundaries of what qualifies as an active ingredient in a chemical formulation for purposes of PTE. As therapeutics expand beyond simple chemical formulations into cell-based and gene therapy-based formulations, where a chemical compound is not the active ingredient, an interpretation of active ingredient for purposes of PTE is lacking. I term this shortcoming “the active ingredient problem.” In the absence of applicable case law, it has become increasingly important to review FDA guidance and recommendations. Furthermore, the United States Patent and Trademark Office (USPTO) has offered limited indications of how it may interpret active ingredients in these scenarios. Moving forward, it will be essential for inventors to understand how these cutting-edge therapeutics will be protected and how their efforts will be compensated as a result of delays associated with the regulatory approval process. In this paper, I advocate the adoption of “treatment complex protocols” or TCPs, a novel framework for PTE for cellular and gene-based therapeutics. This framework moves away from considerations of an active ingredient and instead embraces the complexities of the production and development of cellular and gene-based therapies. Under this framework, PTE would be granted to a TCP, which is a complete protocol-based description of the inputs, modifications, and outputs required to develop these complex and clinically important therapeutics. Although TCPs are necessarily more complex than determinations of active ingredients for chemically based therapeutics, they have the potential to clarify this increasingly murky, yet clinically relevant, area of the law.

Optimal Patent Policy for Pharmaceutical Industry

Olena Izhak (Heinrich Heine University Dusseldorf – Dusseldorf Institute for Competition Economics (DICE))

Tanja Saxell (VATT)

Tuomas Takalo (Bank of Finland, Monetary Policy and Research Department; CATT Institute for Economic Research)

VATT Institute for Economic Research Working Papers 131

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3609863

We show how characterizing optimal patent policy for the pharmaceutical industry only requires information about generic producers' responses to changes in the effective duration and scope of new drug patents. To estimate these responses, we use data on Paragraph IV patent challenges, and two quasi-experimental approaches: one based on changes in patent laws and another on the allocation of patent applications to examiners. We find that extending effective patent duration increases generic entry via Paragraph IV patent challenges whereas broadening protection reduces it. Our results imply that pharmaceutical patents should be made shorter but broader.

Copyright Law

When the Infringer is a Contractual Licensee

Dr Poorna Mysoor (University of Oxford, Faculty of Law)

[2020] European Intellectual Property Review (forthcoming)

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3602793

Copyright infringement in the UK is defined as the doing of a restricted act without the licence of the owner of the copyright. It is also an infringement of copyright if a person does not have the licence of the copyright owner, but violates its terms. When a contractual licensee violates a term of the contractual licence, it does not automatically become a copyright infringement. While there are terms the violation of which results in an action for copyright infringement, there are also those that result only in an action for breach of contract – a classic example of the latter being the term stipulating the payment of a licence fee. However, this general distinction between these causes of action has an honourable exception. The violation of a term which may otherwise have resulted only in breach of contract results also in copyright infringement if there is a repudiatory breach. This article explores this relatively obscure area.

Copyright, Music, and Race: The Case of Mirror Cover Recordings

Robert Brauneis (George Washington University Law School)

Working Paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3591113

Has copyright law in the United States ever aided discrimination on the basis of race, or exploitation of or prejudice against racial minorities? Copyright legislation in the United States has never explicitly incorporated racial categories. However, particular features or doctrines of copyright law may arguably facilitate racial discrimination or exploitation, or disadvantage racial minorities, in a more focused manner. K.J. Greene, Candace Hines, and others have argued that copyright doctrines such as the fixation requirement, the idea/expression dichotomy, and the requirement of locating individual authors, as well as former doctrines such as notice and registration requirements and the requirement for written notation of music, have disadvantaged racial minorities, and African Americans in particular. This essay follows in those footsteps, and investigates another set of copyright doctrines

that operated to the disadvantage of minority creators. Those doctrines concern copyright protection of musical works and sound recordings, and operated to deny composers and musicians rights in what they added to songs during the process of recording versions of them.

One goal of this essay is historical recovery. I will show that copyright doctrines that are facially race-neutral were formulated in a racially-charged context in which it was clear the doctrines were going to disparately impact African-American composers, musicians, and vocalists. And disparately impacted they were. Many record companies made dozens of commercially successful “mirror cover recordings” that featured white vocalists and musicians who copied without permission, compensation, or attribution music created by African-American musicians and vocalists.

This recovery of this history also confronts us with the question of what we should do when adoption of a rule in copyright law facilitates discrimination against or exploitation of racial minorities, or by extension, discrimination against or exploitation of other minorities or vulnerable groups. Should we leave matters of discrimination to general anti-discrimination law, or is there a place for considering disparate impacts when formulating facially neutral doctrines in copyright law? I will argue that there are good reasons for taking disparate impacts into consideration when formulating copyright policy.

Part I provides an introduction to the historical and doctrinal context necessary to understand copyright, music and race in much of the twentieth century. Those details include the construction of the racial categories that were used in the marketing of sound recordings, and the operation of the mechanical compulsory license. Part II introduces the phenomenon of white “mirror covers” of songs originally recorded by African Americans – covers that were not just recordings of the same song, but also copied some or all of the musical arrangement and stylistic elements introduced on the original recording. Part III focuses directly on the litigation of and decision in *Supreme Records, Inc. v. Decca Records, Inc.*, a landmark case concerning the protection of initial recorded versions of songs against “mirror covers” of those songs. It also describes the impact of the *Supreme Records* decision, both as judicial precedent and as a model for legislation adopted as part of the Sound Recordings Act of 1971 and the Copyright Act of 1976. Part IV describes the treatment of covers under current law. Part V discusses whether there are policy lessons to be drawn from this history. Part VI concludes.

Knowing How to Know: Secondary Liability for Speech in Copyright Law

Laura A. Heymann (William & Mary Law School)

55 Wake Forest L. Rev. 333 (2020)

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3629641

Contributory copyright infringement has long been based on whether the defendant, “with knowledge of the infringing activity,” induced, caused, or materially contributed to another’s infringing conduct. But few court opinions or scholarly articles have given due consideration to what it means to “know” of someone else’s infringing conduct, particularly when the unlawfulness at issue cannot truly exist until a legal judgment occurs. How can one “know,” in other words, that a court or jury will deem a particular use infringement rather than *de minimis* or fair use? At best, contributory defendants engage in a predictive exercise — in some cases, a more certain one, to be sure, but a predictive exercise nonetheless. To recognize this is not a mere semantic excursion: once a decision maker has determined that infringement has occurred, it is more likely, through hindsight bias, to determine that a defendant “knew” of this infringement at the relevant time, despite the realities of monitoring and assessing content.

Drawing on both the legal and epistemological literature, this Article recommends a better framing for the issue of knowledge in contributory infringement doctrine — an approach that has implications not only for copyright law but for the regulation of online content more generally.

Use of Artificial Intelligence to Determine Copyright Liability for Musical Works

Shine (Sean) Tu (West Virginia University College of Law)

WVU College of Law Research Paper, Forthcoming

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3617300

This article explores the use of artificial intelligence to help define the current test for copyright infringement. Currently, the test for copyright infringement requires the jury or a judge to determine whether the parties' works are "substantially similar" to each other from the vantage point of the "ordinary observer." This "substantial similarity" test has been criticized at almost every level due to its inconsistent nature. Artificial intelligence has evolved to the point where it can be used as a tool to resolve many of the current issues associated with the "substantial similarity" test. Specifically, courts would no longer have to rely on a battle of the experts or the use of lay observers to determine if a work is substantially similar to another work. Using a new test based on the "ordinary AI observer" copyright infringement can be established using a means that is both less biased and more fact driven while giving alleged infringers a means by which to check ex ante if their work could be infringing.

IP & Trade

WIPO's Role in Procedural and Substantive Patent Law Harmonization

Rochelle Cooper Dreyfuss (New York University – School of Law)

Jerome H. Reichman (Duke University – School of Law)

Research Handbook on the World Intellectual Property Organization: The First 50 Years and Beyond (Sam Ricketson, ed., Edward Elgar Publishing), 2020

Duke Law School Public Law & Legal Theory Series No. 2020-32

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3595181

This Chapter, part of a book examining the history of the World Intellectual Property Organization (WIPO), focuses on WIPO's activities in the patent realm. The Chapter begins with a description of the successful procedural initiatives undertaken by WIPO and its administrative predecessor, the United International Bureaux for the Protection of Intellectual Property (BIRPI), notably the development of the Patent Cooperation Treaty, the Strasbourg Agreement, the Budapest Treaty, and the Patent Law Treaty (PLT). It then considers the less successful substantive efforts of WIPO and BIRPI to raise the level of patent protection, notably through the failed attempt to revise the Paris Convention in the 1980s and, later, in negotiations over a Substantive Patent Law Treaty. We argue the lesson to be learned is that when a regime governs a single area of law (in this case, intellectual property), especially one that is closely tied to health, safety and economic growth, it is not possible to achieve substantive gains without giving due consideration to the interests of all relevant parties. We end more optimistically by asking whether recent developments provide the basis for a renewed attempt to craft a better harmonized normative framework. In addition to the effort to raise substantive standards, these include an interest in procedural mechanisms to facilitate transnational litigation involving intellectual property rights, concerns about the adequacy of defenses and limitations, and a desire to recognize new kinds of intellectual contributions, such as traditional knowledge and genetic resources.

Other IP Topics

Ownership and Cross-Border Patent Sales in M&A Transactions

Monika Tarsalewska (University of Exeter Business School)

Working Paper

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3601653

We examine the relation between acquirer and target firm ownership and the probability of a cross-border deal involving patents. By focusing on M&A deals involving intangible assets, we are better positioned to analyze technology sales. We show how different owners on the acquirer and the target side, and their relative position, are related to the decision to conduct a domestic versus cross-border transaction involving patent sales. We find that acquirer bank and fund ownership have very little association with cross-border M&A transactions involving patent sales. However, risk-averse family owners and insiders in an acquirer firm are negatively related to the probability if they are minority shareholders. In contrast, family owners and insiders have a positive association if they are the largest shareholder. We also illustrate how target owners shape cross-border M&A decisions. Family and fund owners in target firms are negatively related to the probability of a cross-border M&A transaction involving patent sales. This is attributable to the fact that the valuation of intangible assets can be overly complicated with foreign acquirers. Thus, target owners can likely secure better deals domestically.

Contact

For more information about this issue of *IP Literature Watch*, please contact the editor:

Anne Layne-Farrar

Vice President

Chicago

+1-312-377-9238

alayne-farrar@crai.com

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