



# 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

### **Anticompetitive patent settlements and the Supreme Court's Actavis decision**

Herbert J. Hovenkamp

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2286255](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2286255)

In *FTC v. Actavis* the Supreme Court held that settlement of a patent infringement suit in which the patentee of a branded pharmaceutical drug pays a generic infringer to stay out of the market could be illegal under the antitrust laws. Justice Breyer's majority opinion was surprisingly broad, in two critical senses. First, he spoke with a generality that reached far beyond the pharmaceutical generic drug disputes that have provoked numerous pay-for-delay settlements.

Second was the aggressive approach that the Court chose. The obvious alternatives were the rule that prevailed in most Circuits, that any settlement is immune from antitrust attack if it is facially "within the scope of the patent." Under this approach the court may not second guess the settlement by inquiring into the validity of the patent; the settlement itself shields this query from the court. A second alternative concludes that a very large settlement payment is a sign that something is wrong with the patent, inviting the court to look more closely at the underlying patent to determine whether the settlement is really a good faith attempt to manage litigation and business risk. A third approach is that a large settlement exclusion payment disproportionate to litigation risk can be unlawful under antitrust's rule of reason, without inquiry into whether the patent is actually invalid, and even if the settlement agreement does not go "beyond the scope" of the patent's nominal coverage. Finally, the court might apply a "quick look," or truncated, antitrust analysis in which the plaintiff can enjoy presumptions about market power or anticompetitive effect. The Supreme Court chose the third, or rule of reason, option, but it made clear that the plaintiff need not make a long form rule of reason showing and suggested important shortcuts.

Payments whose size correlates with risk are essential to entrepreneurial decision making, but entrepreneurial risk is usually private in the sense that the firm risks the resources of its own shareholders. In the pharmaceutical pay-for-delay setting, however, what is being placed at risk is both the investment of the pioneer and the welfare of consumers, interests that pull in opposite directions. Consumers represent an important externality. They are not participants in this dispute, but they stand to lose the benefits of competition that would otherwise have occurred.

While the Court did not discuss private consumer challenges, its substantial revision of the law applies equally to private actions and it is reasonable to expect that several will emerge. Purchasers seeking antitrust overcharge damages from an anticompetitive pay-for-delay settlement should be able to proceed without proving patent invalidity, although they would be subject to the same rule-of-reason constraints that the Court created for the FTC.

Finally, the breadth of the Actavis opinion makes it relevant for many situations outside of the Hatch-Waxman context. For example, the Court's dicta severely limited its 1926 GE decision permitting price fixing among a patent and its licensees, and implicitly overruled decisions such as Bement, which permitted product price fixing among the members of a patent pool. A central question was whether the Patent Act, either explicitly or by reasonable implication, authorized the challenged conduct. If the answer is no, ordinary antitrust analysis can proceed.

### **Will the 'Nexus' requirement of *Apple v. Samsung* preclude injunctive relief in the majority of patent cases?: Echoes of the entire market value rule**

Daniel Harris Brean

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2282028](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2282028)

In *eBay, Inc. v. MercExchange, LLC*, the Supreme Court put an end to the practice of presuming that injunctive relief is appropriate upon a finding of patent infringement, where it held that “the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards.” 547 U.S. 388, 394 (2006). This decision made injunctive relief much more difficult to obtain, but also attempted to maintain discretion and avoid rigid rules for determining when injunctive relief is appropriate. Beginning with *Apple Inc. v. Samsung Elecs. Co.*, 678 F.3d. 1314 (Fed. Cir. 2012), the Federal Circuit has added a “nexus” requirement for determining whether a patent owner has suffered irreparable harm in the form of lost sales — inquiring whether the sales were lost “because of” the infringement or for some other reason. This new hurdle to injunctive relief, which appears to be borrowed from patent infringement damages law, is exceedingly difficult to satisfy where the patented feature or component comprises only a portion of a larger accused product or system. Because most patents are directed to a single component or feature of a larger product or system, such a rule will likely preclude injunctive relief in the vast majority of cases.

Apple adopts concepts and verbiage from precedent concerning the “entire market value rule,” which prevents patentees from collecting damages based on a multi-component product unless it can be shown that the patented feature drives the consumer demand for the entire product. This standard is virtually indistinguishable from the nexus requirement, and can rarely be satisfied in cases where many different factors are likely to influence consumers' purchasing decisions, such as price, advertising, and brand name recognition, let alone the multitude of technical and design features not covered by a plaintiff's patent. Importantly, however, failure to satisfy the entire market value rule results in a limitation on damages, but failure to satisfy the nexus requirement results in zero injunctive relief.

Despite several patents being infringed by Apple's direct competitor Samsung and Apple's lost sales to Samsung, Apple has thus far been denied preliminary and permanent injunctive relief across the board almost entirely on the basis of lack of nexus. If Apple's innovative phone and tablet designs and features cannot satisfy this standard, few, if any, individual aspects of a multi-component product can hope to do so. This result can be viewed as inequitable, and is perhaps why a number of post-Apple decisions have found various ways to skirt or even ignore the nexus test and grant injunctive relief. However, in the third of Apple's appeals to the Federal Circuit lies the potential to relax the rigidity and potential inequity of

the nexus test by, for example: (1) recasting the way that nexus considerations are analyzed under eBay by addressing them outside the context of irreparable harm; (2) allowing nexus to be considered in the aggregate where multiple patents are infringed by a single product; and (3) encouraging more flexible injunctions to be entered that enjoin the infringing features only and allow time for those features to be designed around before the injunction goes into effect.

## IP & Innovation

### Enabling patentless innovation

Clark D. Asay

*Penn State Law Research Paper No. 28-2013, July 2013*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2289326](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2289326)

Do patents promote innovation? Open innovation communities — those that make technology publicly available under permissive terms — have long argued that patents stifle rather than promote innovation. Indeed, it has become nearly conventional wisdom in open innovation circles that the patent system imposes undue burdens on open innovation communities in particular. This may be especially true because, for a variety of reasons, open innovation communities have traditionally failed to pursue patents. Consequently, some argue that the most promising way for open innovation communities to protect themselves is by bucking this trend and acquiring significant numbers of patents for defensive purposes. Some in open innovation communities appear to be following this approach.

What remains underexplored in this discussion, however, is the extent to which patents actually threaten open innovation communities. Previous assessments treat open innovation communities monolithically in terms of patent risk, but open innovation communities typically consist of a broad spectrum of participants with distinct risk profiles. This Article disaggregates open innovation communities and assesses the actual risks that patents pose to different categories of participants in open innovation communities. It argues that several factors diminish the actual patent risks in some cases, at least as they are generally presented. However, it also highlights certain previously underexplored patent risks that arise based on incompatibilities between the decentralized nature of open innovation and the centralized nature of patent rights. These risks, furthermore, suggest that using patents to combat patent risks may not be a viable long-term strategy for open innovation communities. Based on these conclusions, the Article then assesses other possibilities for better reconciling the patent system with the phenomenon of open innovation. In particular, it suggests as one such possibility a two-track patent system that would grant open innovators and others an independent invention defense to patent infringement in exchange for an agreement not to assert patents except defensively.

### Further reflections on extinguishing the fountainhead of knowledge: a call to transition to the ‘innovation policy’ narrative in patent law

Simone A. Rose

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2284237](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2284237)

Economists are unable to provide a clear answer as to the effectiveness of the patent system in encouraging innovation. At best, they point to certain sectors, such as pharmaceutical and biotechnology, which benefit from a robust patent scheme. Conversely, sectors such as software and ironically at the same time, biotechnology, may be harmed by an overly broad patent scheme.

The question that emerges is: why do the various stakeholder in all industrial sectors, Congress, the Patent and Trademark Office (“PTO”) and the courts (in particular, the Federal Circuit), continue to center

the development of patent law around the “innovation presumption” despite the lack of theoretical and empirical evidence to answer the fundamental question: Do patents actually create more incentive to innovate, more actual innovation and hence more economic growth? Preparing for this Symposium on the Federal Circuit, innovation and disruptive technologies has allowed me to further reflect on why it is necessary to challenge the innovation presumption and explore alternative paradigms, such as the use of innovation “policy levers” for this problematic narrative.

### **Increasing innovation through copyright common sense and better government policy**

Michael A. Carrier

*Emory Law Journal*, Vol. 62, No. 983, 2013

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2288618](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2288618)

Innovation is crucial to the U.S. economy. But many of our laws and policies are not promoting innovation. This Essay addresses this problem. The first set of proposals focuses on copyright law. The recommendations avoid vague copyright law and suggest the elimination of statutory damages and personal liability in cases of secondary infringement. The second set of proposals highlights government policies that can be adjusted to achieve a more enlightened immigration policy; adequate funding for basic research; an increased focus on science, technology, engineering, and mathematics (STEM) education; and an extension of the research-and-development (R&D) tax credit. Copyright law and other government policy often neglect the importance of innovation. The proposals offered in this Essay aim to remedy this deficiency.

### **Universal intellectual property rights: too much of a good thing?**

Emmanuelle Auriol, Sara Biancini, Rodrigo Paillacar

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2286054](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2286054)

This paper studies the incentives that developing countries have to protect intellectual properties rights (IPR). On the one hand, free-riding on rich countries technology reduces their investment cost in R&D. On the other hand, firm that violates IPR cannot legally export in a country that enforces them. Moreover free-riders cannot prevent others to copy their own innovation. The analysis predicts that the willingness to enforce IPR is U-shaped in a country GDP: small/poor countries are willing to respect IPR to access advanced economies markets, while large emerging countries are more reluctant to do so because technological transfers from the West boost their production capacity and their domestic markets. Universal enforcement of IPR yields a higher level of innovation and global welfare only if the developing country does not innovate. A partial enforcement of IPR, strict in the north and lax in the south, is socially better if the developing country invests enough in R&D and if its interior market is large. The theoretical predictions of the model are tested with the help of panel data. The empirical analysis supports the theoretical results.

### **Anything under the sun made by humans: patent law doctrines as endogenous institutions for commercializing innovation**

James E. Daily and F. Scott Kieff

*Emory Law Journal*, Vol. 62, No. 4, 2013

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2289340](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2289340)

This Essay outlines a comparative institutional analysis among various doctrines in patent law to show how they can have different impacts on the way inventions are commercialized. It builds on a prior body of work about the positive role that property rights in patents can play in commercializing innovation to

show how recent shifts in approaches to the particular legal doctrine known as patentable subject matter can be expected to have different effects on the commercialization of inventions than prior approaches. It concludes that, to the extent society wants to increase the overall rate of invention commercialization and increase overall competition as reflected in diversity in firm size among participants in the markets for commercializing innovation, society should consider reversing course on the law of patentable subject matter and return to an approach that is closer to the “anything under the sun made by man” view that was championed by the Supreme Court in the 1980s and by Congress through most of the second half of the twentieth century, updating only its gender biased language.

## IP Law & Policy

### **FTC v. Actavis, Inc: when is the rule of reason not the rule of reason?**

Thomas F. Cotter

*15 Minnesota Journal of Law, Science and Technology, 2013, Forthcoming*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2281291](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2281291)

The U.S. Supreme Court’s recent decision in *FTC v. Actavis, Inc.* brings some resolution to the decade-long dispute over the level of antitrust scrutiny that is appropriate for evaluating the legality of “reverse-payment” or “pay-for-delay” agreements settling pharmaceutical patent infringement litigation between brand-name and generic drug companies. Writing for a 5-3 majority in *Actavis*, Justice Breyer rejected both the scope-of-the-patent test and the presumptive illegality approach, and held instead that courts should review reverse-payment settlements under the rule of reason. Or say the opinion states. In reality, the Court appears to have all but in name adopted the presumptive illegality approach it purported to reject. One might speculate about the political or prudential considerations that went into the majority’s characterization of what it was actually doing, but as I read the opinion reverse-payment settlements of the type at issue in *Actavis* are now subject to a de facto regime of presumptive illegality. In my view, this is a welcome result.

### **What’s mine is mine and what’s yours is mine too: converging US intellectual property exhaustion doctrines**

Johanna K. P. Dennis

*Computer Law and Security Review, Forthcoming*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2288668](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2288668)

With the increasing dispersion of intellectual property comes the intellectual property rights owner’s continued desire to retain that part of the equation for which the bargain was struck. In terms of patents, the patentee strikes a deal to disclose the invention to the public in exchange for a monopoly over its use for a limited term. Copyright holders contribute their works to the intellectual pool receiving value by sale, lease or license. In 2012-13, the U.S. Supreme Court was tasked with delineating the realms of two intellectual property exhaustion doctrines and answering the question of where to draw the line with regard to an IP owner’s ability to control the protected invention or work via patent or copyright, respectively. In one case, the Court permitted the intellectual property owner to restrict a subsequent purchaser’s use of the product subject to protection, while in the other case the Court rejected the intellectual property owner’s attempt to control the downstream use or resale of the product. This article discusses the relevant intellectual property exhaustion doctrines, analyzes and reconciles the Court’s decisions in these cases, and provides guidance for navigating restrictions on use of U.S. protected products and works around the globe.

## The written description gap

Timothy R. Holbrook

*Loyola University Chicago Law Journal, Vol. 45, Forthcoming*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2280743](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2280743)

Within patent law, there are two primary mechanisms that attempt to afford the appropriate balance between patent owners and subsequent inventors. First are the disclosure doctrines: a patent applicant cannot claim more than what she has actually disclosed in the patent application. A claim that is overly broad because it lacks adequate support in the patent specification is invalid. There is a clear link between the extent of the patent disclosure and the permissible scope of the claims contained therein.

The second constraint on a patentee's ability to obtain claim scope is the prior art. A claimed invention must be both novel and non-obvious to be patent eligible. If a patent claim runs into the prior art because it is anticipated or obvious, then the patent applicant will have to narrow the scope of the claim to avoid the prior art.

Generally, issues of the sufficiency of the disclosure and validity vis-à-vis the prior art are considered in isolation. However, every litigated patent is also a potential piece of prior art. Because it is the disclosure of the patent that controls its impact as a piece of prior art, and not the particular claims in the patent, there is a relationship between patent disclosure and the prior art doctrines. A patent is good for what it teaches as a piece of prior art, not for what it claims.

In this regard, the Federal Circuit's approach to disclosure law, and the written description requirement in particular, creates the potential for a "patent free" zone, which I have dubbed the "written description gap." As further elaborated below, the Federal Circuit has held that, if a patent discloses a variant of the invention that would render the particular claim obvious, such disclosure nevertheless is insufficient to satisfy the written description requirement. That particular applicant would be unable to claim that version of the invention.

But what happens once the original patent is now used as prior art against a subsequent applicant? If the later patent claims the obvious variant, then the subsequent applicant also is unable to obtain patent coverage. No one will be able to obtain patent protection for that particular variant, and it effectively falls into the public domain. This essay elaborates the operation of this gap and assesses whether it is normatively good or bad as a matter of patent policy. I ultimately conclude that, by creating an incentive to enhance patent disclosures, the gap is good, notwithstanding that some potentially important variants could fall into the public domain.

## Patent Office practice after the America Invents Act

Nicholas Matich

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2287502](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2287502)

Currently, the Patent and Trademark Office (PTO) requires all lawyers practicing before it in patent matters to possess a hard science or engineering undergraduate degree. The relative obscurity of PTO practice has allowed this requirement to remain, mostly unnoticed, even though it bars most lawyers from practicing before the PTO. Like all administrative agencies, however, the PTO is subject to the requirements of the Administrative Procedures Act (APA). Although the PTO's technical degree requirement may have once passed muster under the APA, this may no longer be the case. Congress recently made major changes to US patent law by passing the America Invents Act (AIA). The AIA at once makes PTO practice far more important and brings into question whether the PTO can continue to



exclude the vast majority of lawyers from practicing before it. This article suggests that the increased importance of PTO practice after the AIA creates a strong incentive for attorneys to challenge the PTO's admissions requirements under the APA and argues that such a challenge, when brought, will likely succeed.

## Copyright Law

### The concept of 'harm' in copyright

Wendy J. Gordon

*Boston Univ. School of Law, Public Law Research Paper No. 13-28*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2285080](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2285080)

This essay examines the tort of copyright infringement. It argues that the ideas of “harm” and “fault” already play a role in the tort’s functioning, and that an ideally reformulated version of the tort should perhaps give a more significant role to “harm.” The essay therefore examines what “harm” can or should mean, reviewing four candidates for cognizable harm in copyright law (rivalry-based losses, foregone fees, loss of exclusivity, and subjective distress) and canvassing three philosophical conceptions of “harm” (counterfactual, historical-worsening, and noncomparative). The essay identifies the appropriateness vel non of employing, in the copyright context, each harm-candidate and each variant conception. While the essay argues that there remain many issues that need to be resolved before making “harm” a formal prerequisite for liability in copyright, the essay takes steps toward resolving some of the open issues.

### National treatment in copyright and related rights: how much work does it do?

Robert Brauneis

*GWU Legal Studies Research Paper No. 2013-103*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2291630](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2291630)

The obligation of national treatment makes an appearance in all five of the major active multilateral treaties concerning copyright and related rights, including the Berne Convention, the Rome Convention, the TRIPS Agreement, the WIPO Copyright Treaty (“WCT”), and the WIPO Performances and Phonograms Treaty (“WPPT”), a group I will collectively call the “five CRR treaties.” It is principally lauded for its substantive bite, as a rule requiring that treaty parties extend protection to non-nationals on the same terms as they do to their own nationals. Yet there are reasons to question whether the national treatment obligations imposed by the five CRR treaties remain of paramount importance in practice. Together, those treaties now contain both far more specific substantive minimum guarantees than the Berne Convention did in its first incarnation in 1886, and a variety of specific exceptions and limitations to national treatment. At the same time, the choice-of-law framework in which “national treatment” may have meant more than non-discrimination has been substantially transformed.

This paper reviews the operation of the national treatment principle in all major active copyright treaties, and assesses its continuing impact. Part I considers several aspects of the form of the national treatment rule in the context of copyright and related rights, and of intellectual property more generally. Part II considers the principal issues concerning the scope of application of the national treatment rule in the five CRR treaties. Part III offers some concluding remarks. Among those conclusions are that although national treatment continues to play an interstitial role in specific legal areas, its most important function may be as a symbolic carrier of the spirit of internationalism, a spirit that may be facing challenges as much from cultural preservationism as from economic protectionism.

## Reality check: rethinking the global software piracy problem

Seung-Hwan Mun

International Telecommunications Policy Review, Vol. 20, No. 2, 2013

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2289025](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2289025)

This study examines the complex dynamics of the international software piracy problem by focusing on the size of revenue losses made from pirated software. Although a considerable number of cross-national studies have focused on software piracy, there is a widespread but incorrect perception in the policy and academic landscape that ineffective copyright protection of computer software is prevalent mostly in less developed countries with low-income, ineffective legal systems and collectivist culture. By using the estimated value of revenues lost to software piracy as an alternative indicator, this study empirically disproves the conventional understanding of the piracy problem. Our empirical investigation of the impact of various national factors on the per capita value of pirated software confirmed that the present piracy phenomenon in the international market is complex and multi-faceted, involving multiple factors within a nation's economic, technological and industry-specific capabilities.

## IP & Biotechnology

### Appropriate health R&D and intellectual property rights reform in developing countries

Anna-Maria Aksan

*Economica*, Vol. 80, Issue 319, pp. 475-495, 2013

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2287008](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2287008)

Welfare implications of imposing intellectual property rights (IPR) protection on health goods in developing countries are analysed using a North–South model. Consumption of health goods counteracts adverse effects of region-specific diseases on labour supply. Health needs differ between consumers in innovating and imitating countries, weakening the benefits of southern IPR enforcement for the North and strengthening the benefits for the South. Southern regions with unique health needs are more likely to benefit from IPR enforcement if healthcare infrastructure is adequate and the southern market is large enough to stimulate sufficient innovation. There is then also interregional income convergence.

### Isolated human genes: the patent equivalent of a non-copyrighable sound recording

Justine Pila

*Law Quarterly Review*, 2013

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2293285](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2293285)

This is a case note of the US Supreme Court's decision in *Assoc'n for Molecular Pathology v. Myriad Genetics Inc* 569 US (2013) that isolated DNA sequences are inherently unpatentable, in contrast to complementary DNA (cDNA) sequences, which the Court affirmed as inherently patentable subject matter ("inventions"). The note (a preprint of which is available from my institutional website) proposes an analogy between an isolated gene as conceived by the Court and a sound recording or other material fixation of an original expressive work in copyright/related rights. It argues that reading AMP in this comparative light clarifies the issue at its heart, which is the distinction between inherently patentable and inherently unpatentable technical subject matter, corresponding to the distinction between copyrighable and non-copyrighable expressive subject matter. In the Supreme Court's suggestion, whether or not a person who first isolates a gene merits legal protection, s/he does not merit the monopoly rights of an inventor per se, just as the first fixer of an expressive work does not merit the protection of copyright (contra related rights).



## Moving beyond 'isolated' gene patents

Arti K. Rai and Robert Cook-Deegan

*Science*, 2013, DOI:10.1126/science.1242217

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2287941](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2287941)

The U.S. Supreme Court has decided that not all gene patents are alike. This commentary, published in *Science*, provides insights into what the decision means for research, innovation, business, and patients.

## Other IP Topics

### Patent disclosure and the timing of licensing

Deepak Hegde and Hong Luo

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2293225](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2293225)

This study investigates how patent disclosure affects the timing of licensing. We address the issue by analyzing the effects of the American Inventor's Protection Act (AIPA) of 1999, which required, beginning on November 29, 2000, that US patent applications be published 18 months after their filing, rather than at the time the patent is granted. We develop a simple framework that yields predictions about the timing of licenses before and after AIPA, and test the predictions using a sample of 339 licenses of biomedical inventions negotiated between 1996 and 2009. Consistent with our predictions, post-AIPA inventions experience a sharp increase in the probability of licensing after the 18-month disclosure of their patent applications, and on average, are 18% less likely to wait till allowance to be licensed, than pre-AIPA patent applications. In addition, for patent applications that are not licensed until they are issued, 18 month-disclosure significantly shortens the time to licensing. As a consequence, for inventors that choose to license, post-AIPA patents are licensed 8.5 months earlier than pre-AIPA patented inventions on average. The publication of patent applications appears to benefit patentees by facilitating licensing transactions in the market for ideas.

### Patent PR

Eric L. Lane

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2293087](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2293087)

As debates about the patent system have spread beyond the legal community into the public square, there has been an increase in mainstream media coverage of patent issues, including PR content generated by patent holders. However, we know very little about the subject matter of this media content and even less about its potential effects on public opinion and patent policy. This study begins to fill these gaps by building and analyzing a data set of patent-focused press releases generated by patent holders, or their licensees, and cataloging the subject matter contained therein. It offers a taxonomy of patent-focused PR content and calculates the relative proportions of patent PR relating to the top-level categories of Prosecution; Litigation; Transaction; Post-Grant Procedure; Honors/Accolades; Patented or Patent-Pending Product; ANDA Patent Challenge; and Miscellaneous. Within the top-level categories, this study calculates the relative proportion of second-level subject matter categories. In the Prosecution category, for example, this study calculates the proportion of press releases involving the categories of Patent Granted; Notice of Allowance; Application Filed; Application Pending; Application Accelerated; Response to Office Action Filed; Application Withdrawn from Issue; and Interference Declared. The Litigation category includes, inter alia, the categories of Settlement; Lawsuit Filed; Court Order or Ruling; Verdict; Comment; and Appealed. The study also analyzes patent PR by industry to determine which

industries or technology fields generate the most patent-focused PR content and which subject matter areas are favored by particular industries. The data presented in this study enable us to determine which patent matters technology firms believe are important to highlight and provide a baseline for subsequent inquiries into how patent PR may affect policy and public opinion of patents and patentees.

### **Selling patents at auction: an empirical analysis of patent value**

Maria Cristina Odasso, Giuseppe Scellato and Elisa Ughetto

*Working Paper*

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2291874](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2291874)

This paper analyzes the impact of patent bibliographic indicators and patent characteristics on the economic value of patents put on sale in an auction, considering different typologies of sellers and buyers. A unique dataset covering all patent auctions held until the end of 2008 by Ocean Tomo is used. We employ two measures of patent value drawn from the auction process: the offer price (ex-ante value set by the seller) and the closing price (the market-value determined by the buyers) of patent lots. We find a positive correlation between forward citations and the economic value of patents, while backward citations have a positive and significant impact on the lot offer price, but turn to be negatively related to the lot closing price. The number of claims does not affect significantly the lot offer price, while it has a clear positive impact on the lot closing price. Also, the degree of technological congruence of the patents included in a lot, which is positively and significantly related to the lot offer price, turns to be still positive but not significant if we consider the lot closing price. This evidence is interpreted in the light of the different typologies of buyers and sellers participating at the auction event.

### **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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