



# IP Literature Watch

**CRA** Charles River  
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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 Department of Justice's long-awaited and much needed course-correction on FRAND-assured standard-essential patents**

Douglas H. Ginsburg (U.S. Court of Appeals for the District of Columbia Circuit; George Mason University – Antonin Scalia Law School, Faculty)

Koren W. Wong-Ervin (Qualcomm Incorporated)

*Competition Policy International, Forthcoming*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3073635](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3073635)

On November 10, 2017, the Assistant Attorney General (AAG) for the Antitrust Division of the Department of Justice, Makan Delrahim, announced a crucial course-correction for policies involving standard-essential patents (SEPs) that a patent holder has voluntarily committed to license on fair, reasonable, and non-discriminatory (FRAND) terms. This short article touches on the central policy implications of the AAG's remarks, namely: (1) the cabining of the Division's 2015 Business Review Letter (BRL) to the Institute of Electrical and Electronics Engineers (IEEE) on the amendments to its IPR policy; (2) the strong message both at home and abroad that U.S. antitrust law generally does not reach the seeking or enforcing of injunctive relief or breach of a FRAND commitment; and (3) the shift in enforcement priorities from concerns about unilateral holdup by patent holders to collective holdout by implementers.

### **Economic analysis of network effects and intellectual property**

Peter S. Menell (University of California, Berkeley – School of Law)

*Ben Depoorter & Peter S. Menell (eds.), Research Handbook on the Economics of Intellectual Property Law: Vol I. Theory (2018)*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3072633](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3072633)

The information revolution has brought demand-side effects to the fore of economic activity, business strategy, and intellectual property jurisprudence and policy. Intellectual property doctrines play a central role in harnessing network effects, promoting innovation to overcome excess inertia, and balancing consumer welfare, competition, and innovation. This chapter surveys and integrates the economic, business strategy, and legal literatures relating to network effects and intellectual property. Part I

introduces the topic of network effects and provides an overview of this Chapter. Part II describes the functioning of network markets. Part III examines the interplay of business strategy, contract, standard setting organizations, intellectual property, and competition policy. Part IV presents three principles for tailoring intellectual property regimes and competition policy for network technologies. Part V traces the evolution of intellectual property protection for network features of systems and platforms. Part VI discusses the interplay of intellectual property protection and competition policy. Part VII assesses the extent to which intellectual property protection and competition policy align with the normative design principles. Part VIII identifies promising areas for future research.

### **A solution in search of a problem at the biologics frontier**

Erika Fisher Lietzan (University of Missouri School of Law)

*University of Illinois Law Review, Forthcoming*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3078281](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3078281)

This short paper comments on Professor Carrier's new article, *Biologics: The New Antitrust Frontier*. His article makes a profound initial contribution to a new area of scholarship, based on a large body of prior work considering antitrust issues relating to small molecule drugs. But Professor Carrier's article, like my own forthcoming piece on innovation and competition in the biologics marketplace, is inherently speculative. We are making our best judgments about the nature of a still emerging marketplace and likely conduct in that marketplace, based on our understandings of a new regulatory framework that is itself still emerging, the broader legal landscape that includes reimbursement law and state law (among other things), and intellectual property law. We disagree about the likelihood of particular fact patterns arising in the first instance, and where we agree our explanations for their emergence are sometimes different. It may be premature to offer antitrust assessments about those fact patterns, particularly when the nature of the marketplace itself remains so profoundly uncertain. To illustrate this point, I discuss three factors that may merit greater attention than they receive in Professor Carrier's article -- FDA's existing regulatory authorities, the means by which biosimilar companies will compete and achieve market share, and the stacking of the premarket patent litigation scheme against innovative companies. Disparagement, product hopping, and patent scheme manipulation -- three of the seven topics tackled by Professor Carrier -- take on a different light when these factors are considered. I suggest we focus on a different issue: the possibility that the new scheme may harm incentives for innovation.

## **IP & Licensing**

### **Government spending shocks and firm innovation**

Ruchith Dissanayake (Queensland University of Technology, Business School – School of Economics and Finance)

Yanhui Wu (Queensland University of Technology, Business School – School of Economics and Finance; Financial Research Network (FIRN))

Huizhong Zhang (Queensland University of Technology, Business School – School of Economics and Finance)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3082217](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3082217)

Using news-based military build-up shocks, we document a robust negative association between expected changes to government spending and firm-level innovation. Firms respond to government spending news by reducing corporate innovation across every stage of innovation process – R&D inputs,

patent citations, and new product announcements. The negative impact of spending shocks on innovation varies in the cross-section, with the effect stronger among profitable firms and investment-grade firms, which are respectively more vulnerable to changes in corporate tax and borrowing rates.

### **Technology standards and standard setting organizations: introduction to the Searle Center Database**

Justus Baron (Northwestern University – Searle Center for Law, Regulation and Economic Growth; Mines ParisTech; PSL – Cerna)

Daniel F. Spulber (Northwestern University – Kellogg School of Management)

*Northwestern Law & Econ Research Paper No. 17-16*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3073165](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3073165)

This article describes the Searle Center Database on Technology Standards and Standard Setting Organizations (SSO). This database combines comprehensive information on technology standards, SSO membership and SSO characteristics in a format designed for economic research. In particular, the database includes data on quantifiable characteristics of 797,711 standard documents issued by 615 SSOs, institutional membership in a sample of 191 Standards Organizations, and the rules of 36 SSOs on standard adoption procedures, standard-essential patents (SEP), participation and openness. Using the Internet Archives, we track both institutional membership and the SSO rules and procedures over time since the inception of the Archives in 1996. We identify 69,572 entities participating in at least one Standards Organization. The paper describes how to combine this data with other new databases on standard-related patents and standardization processes at 3GPP; and sketches avenues for empirical research.

### **Understanding open source and free software licensing mechanism: a close review of the alternative approach to traditional notions of software licensing**

Maryna Manteghi (Independent)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3082313](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3082313)

The article examines how open source licensing model has changed the way of exploitation of intellectual property in the software industry. The article analyzes the OSS tendency in general, provides historical background, indicates main differences between OSS and public domain software and discusses the emergence of the OSS licensing and how OSS licensing promotes innovations in the software industry. In addition, the paper observes the main features of the most popular OSS licenses and briefly considers issues with copyrights and patents. Actually, the article argues that OSS licensing mechanism increases a public access to software and ensures collaboration between open source developers, thereby promoting future innovations in software industry. However, the paper underlines that software developers must be attentive and scrupulous in deciding which OSS licenses to choose in order to maximize innovative as well as financial benefits.

# IP & Innovation

## **Intellectual property, competition, and science versus technology**

John T. Scott (Dartmouth College – Department of Economics)

Troy J. Scott (RTI International)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3077524](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3077524)

This paper models pre-invention-insight research effort and explores the proposition that competition among potential inventors, who can freely enter into the discovery process and who freely share their ideas without taking intellectual property as they strive to discover invention insights, increases research effort above what would occur without the free sharing of ideas, hence stimulating invention and ultimately innovation. Given an idealized dichotomy between pre-invention-insight research and investment in research and development (R&D), the proposition is shown to be true. Although it is also shown that the proposition is not necessarily true given realistic overlapping of R&D investment with the search for invention insight, historical evidence suggests that the idealized dichotomy may be a sufficiently accurate description to allow the proposition to provide good guidance for public policy toward intellectual property in scientific findings.

## **Innovation and legislation: the changing relationship – evidence from 1984 to 2015**

Wulf A. Kaal (University of St. Thomas, Minnesota – School of Law)

Nick Farris (University of St. Thomas, Minnesota – School of Law)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3079787](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3079787)

We examine the relationship between innovation as measured by annual utility patents granted and two datasets for legislation: (1) the U.S. Code and (2) the Code of Federal Regulations from 1984 to 2015. We show that the historical relationship between innovation and legislation has changed, especially for computer and communication patents. The evidence suggests that the existing regulatory infrastructure has a diminishing capacity to react to innovation. The evolving empirical relationship between innovation and legislation has implications for the legal system and rulemaking processes in the existing regulatory framework.

## **Innovation spillover and merger decisions**

Mahdiyeh Entezarkheir (University of Western Ontario – Huron University College)

Saeed Moshiri (University of Saskatchewan – Saint Thomas More College)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3074653](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3074653)

Merger activities in innovative industries point to a relation between mergers and innovation. Firms' innovative ideas may spillover to other firms dis-incentivizing innovation activities, but merger may be a way to capture innovation spillover. The merger-innovation nexus has been well studied in the theoretical literature and recently in the empirical papers, but empirical evidence on merger and innovation spillover is limited. In this paper, we investigate the impact of innovation spillovers on firms' merger likelihood using a panel data set of mergers among publicly traded U.S. manufacturing firms from 1980 to 2003. In our empirical model, we also control for business cycles and proxies of neoclassical, behavioural and Q theories of mergers. Innovation is measured using R&D investments and citation-weighted patents, and

innovation spillover is proxied using technological proximity of firms. As a source of R&D spillover (outward spillover), a firm can internalize its spillover effects by acquiring the targets that benefit from the spillover. As a receiver of an R&D spillover (inward spillover), a firm may want to merge to control the negative impact of other's innovation on its competitive edge. We find that innovative firms are on average more likely to merge. These findings are robust to using a measure of patent fragmentation as our instrumental variable. Our results also show that within industry inward R&D spillovers increase mergers but between industry inward R&D spillovers do not influence the merger decisions significantly. Our main results are robust to alternative measures of spillovers and different estimation methods.

### **The role of universities in local invention: evidence from the establishment of U.S. colleges**

Michael J. Andrews (Northwestern University)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3072565](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3072565)

I exploit historical natural experiments to study how establishing a new college affects local invention. Throughout the nineteenth to the mid-twentieth century, many new colleges were established in the U.S. I use data on the site selection decisions for a subset of these colleges to identify "losing finalist" locations that were strongly considered to become the site of a new college but were ultimately not chosen for reasons that are as good as random assignment. The losing finalists are similar to the winning college counties along observable dimensions. Using the losing finalists as counterfactuals, I find that the establishment of a new college caused 32% more patents per year in college counties relative to the losing finalists. To determine the channels by which colleges increase patenting, I use a novel dataset of college yearbooks and individual-level census data to learn who the additional patents in college counties come from. A college's alumni account for about 10% of the additional patents, while faculty account for less than 1%. Knowledge spillovers to individuals unaffiliated with the college also account for less than 1% of the additional patents. Migration is the most important channel by which colleges affect local invention, as controlling for county population accounts for 20-40% of the increase in patenting in college counties relative to the losing finalists. The presence of geographic spillovers suggests that colleges do cause an overall net increase in patenting, although I find no evidence that colleges are better at promoting invention than other policies that lead to similar increases in population.

## **IP & Litigation**

### **Forum shopping and patent law: a comment on TC Heartland**

Robert G. Bone (University of Texas School of Law)

*96 Tex. L. Rev. 141 (2017)*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3088721](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3088721)

In TC Heartland LLC v. Kraft Foods Group Brands LLC, the Supreme Court altered more than twenty-five years of Federal Circuit precedent by narrowly construing the patent venue statute to limit residence-based venue for infringement suits against corporate defendants to the defendant's place of incorporation. Although the case involved a technical issue of statutory interpretation, it directly implicated substantial questions of patent policy related to the concentration of case filings, patent trolls, and the efficacy of the patent system. Moreover, the Court's decision risked potentially serious consequences to the economic health of communities in East Texas, especially the town of Marshall, Texas. Yet the Court's unanimous opinion says nothing about any of these aspects and relies instead on

a mostly textualist analysis of the venue statute. This is a surprising omission, especially as the potential effects of the decision are so significant and the statutory text offers so little guidance. This invited essay describes the broader patent context and the real world stakes, critically examines the Court's textualist analysis, and offers possible reasons why even the more functionally and pragmatically oriented Justices on the Court might have been willing to join an opinion so focused on text and so inattentive to consequences and context.

### **Recent U.S. court decisions and developments affecting licensing**

John Paul (Finnegan, Henderson, Farabow, Garrett & Dunner LLP)

D. Brian Kadedon (Finnegan, Henderson, Farabow, Garrett & Dunner LLP)

*les Nouvelles - Journal of the Licensing Executives Society, Volume LII No. 3, September 2017*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2961891](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2961891)

1. Reliability of Damages Expert Reports Forward citation analysis, settlement Agreements, preference for lump sum payments.
2. Induced Infringement Requirement of active encouragement that results in direct infringement.
3. Willful Infringement Infringer not entitled to a reasonable profit from future infringing sales.
4. Appeals of PTO Invalidity Decisions No standing based on unsubstantiated allegations of injury to licensing opportunities.
5. Anticompetitive Licensing Practices FTC sues Qualcomm in cell phone semiconductor market.
6. Inequitable Conduct Requirement of investigating intention to abandon.
7. Appeal of PTO Validity Decision Covenant-not-to-sue results in dismissal.
8. Most-Favored-Licensee Provision Effect on later-acquired patents.
9. Waiver of Attorney-Client Privilege Legal advice during acquisitions and licensing negotiations.
10. Avoiding Validity Challenges at the Patent Office Sovereign immunity of research institutions at state universities.
11. Laches Defense of "Unreasonable Delay" Not allowed for patent infringement suits brought within six-year limitation period.

### **Prepared testimony of Professor Michael T. Morley before the U.S. House of Representatives Judiciary Committee, Subcommittee on Courts, Intellectual Property and the Internet**

Michael T. Morley (Barry University School of Law)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3079730](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3079730)

This is the written statement I submitted in conjunction with my testimony before the U.S. House Judiciary Committee's Subcommittee on Courts, Intellectual Property, and the Internet concerning nationwide injunctions. The statement begins by distinguishing among various types of nationwide injunctions. It goes on to emphasize the need to distinguish between class actions and non-class cases.

In Rule 23(b)(2) class actions, the main issue is the proper geographic scope of the plaintiff class; courts generally should refuse to certify nationwide classes. Nationwide classes are largely inconsistent with the decentralized structure of the federal judiciary and limited geographic responsibility of each district court.

In non-class cases, in contrast, the primary issue is the scope of the injunction itself. I argue that courts should generally issue "Plaintiff-Oriented Injunctions" which prohibit the Government defendant from enforcing the challenged statute, regulation, executive order, or other federal policy solely to the particular plaintiffs in the case. They should typically decline to issue nationwide "Defendant-Oriented Injunctions" that completely prohibit the Government defendants from enforcing the challenged legal provision against anyone, anywhere in the nation. Defendant-Oriented Injunctions raise troubling concerns relating to Article III standing, Due Process, asymmetric claim preclusion, Rule 23, and the limited geographic jurisdiction of individual district courts.

The statement concludes by offering brief legislative proposals to address these issues.

## IP Law & Policy

### Extraterritoriality and digital patent infringement

Timothy R. Holbrook (Emory University School of Law)

*Research Handbook on Intellectual Property and Digital Technologies*, (T. Aplin, ed.) (Edward Elgar Publishing Ltd.) (2018, Forthcoming)

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3088027](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3088027)

Additive manufacturing techniques, colloquially referred to as 3D printing, increasingly will place pressure on the world's patent systems in a manner akin to the challenges the copyright systems faced due to digital files. Unlike copyright, however, the digital files themselves do not, under present law, constitute the patented invention itself. A co-author and I have advocated that, under current US law, there should be infringement based on the digital files themselves, if someone sells or offers to sell the file that will "print" the patented invention. We dubbed this "digital infringement." Additionally, others have called for mechanisms to protect patent holders from losing control of their invention by, for example, drafting claims that are specific to such digital files.

While such digital infringement would afford patent owners greater protections against 3D printing, it also creates issues of its potential the extraterritorial reach. The same case that opened the door to digital infringement in the US – *Transocean* – also has the potential to dramatically expand the extraterritorial reach of a US patent. In theory, anyone in the world offering to sell or selling the digital file to someone in the US could not be liable for patent infringement in the US. Also, if the sale results in massive copies of the invention outside of the US, it could be possible for a party to responsible for the damages arising from those copies, so long as there was a domestic act of infringement. US case law currently prevents such a damages award, but it is not clear the courts answered the questions correctly. The chapter explores this dynamic and offers possible mechanisms for addressing this concern, such as a consideration of conflict of laws prior to any assessment of liability.

# Copyright Law

## Intellectual property as seen by Barbie and Mickey: the reciprocal relationship of copyright and trademark law

Jane C. Ginsburg (Columbia University – Law School)

*Journal of the Copyright Society of the USA, Forthcoming*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3078944](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3078944)

Some years ago, caselaw on trademark parodies and similar unauthorized “speech” uses of trademarks could have led one to conclude that the law had no sense of humor. Over time, however, courts in the US and elsewhere began to leaven likelihood of confusion analyses with healthy skepticism regarding consumers’ alleged inability to perceive a joke. These decisions did not always expressly cite the copyright fair use defense, but the considerations underlying the copyright doctrine seemed to inform trademark analysis as well. The spillover effect may indeed have been inevitable, as several of the cases in which the fair use defense prevailed coupled copyright and trademark claims.

Just as copyright law has influenced the development of trademark doctrine in the US, so has trademark law evolved a reciprocal relationship with copyright, potentially extending the protection of certain copyrighted works, notably cartoon characters, beyond the copyright term.

This essay will first address how the US copyright fair use doctrine has allowed US federal judges in trademarks cases to connect with their inner comic impulses. Second, I will consider the conflict between trademark law’s potentially eternal duration and copyright’s constitutionally mandated limited times, particularly in the context of visual characters such as Mickey Mouse. Looking to EU law, I will also offer some additional considerations regarding the use of expired copyrighted works as trademarks.

While those analyses address trademarks and copyright as potential antagonists where exercise of trademark rights threatens to frustrate copyright policies, there is another side of the coin. To an increasing extent, we are seeing trademark symbols become characters and acquire value not only as source-indicators, but also as artistic (or audiovisual) works. I will conclude by considering the value that copyright protection might add to registered trademarks.

## Algorithmic fair use

Dan L. Burk (University of California, Irvine School of Law)

*University of Chicago Law Review, Forthcoming*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3076139](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3076139)

Legal governance and regulation is becoming increasingly reliant on data collection and algorithmic data processing. In the area of copyright, on-line protection of digitized works is frequently mediated by algorithmic enforcement systems intended to purge illicit content and limit the liability of YouTube, Facebook, and other content platforms. But unauthorized content is not necessarily illicit content. Many unauthorized digital postings may claim legitimacy under statutory exceptions such as the legal balancing standard known as fair use. Such exceptions exist to ameliorate the negative effects of copyright on public discourse, personal enrichment, and artistic creativity. Consequently, it may seem desirable to incorporate fair use metrics into copyright policing algorithms, both to protect against automated over-deterrence, and to inform users of their compliance with copyright law. In this paper I examine the prospects for algorithmic mediation of copyright exceptions, warning that the design values embedded in

algorithms will inevitably become embedded in public behavior and consciousness. Thus, algorithmic fair use carries with it the very real possibility of habituating new media participants to its own biases, and so progressively altering the fair use standard it attempts to embody.

### **Digital copyright in the TPP**

Jyh-An Lee (The Chinese University of Hong Kong (CUHK) – Faculty of Law)

*Paradigm Shift in International Economic Law Rule-Making: TPP As a New Model for Trade Agreements?*, pp. 371-388 (Julien Chaisse, Henry Gao & Chang-fa Lo eds., Springer, 2017)

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3078371](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3078371)

This chapter focuses on key copyright issues in TPP's IP Chapter, especially those related to the Internet and digital technologies. Those issues include copyright term extension, safe harbor for Internet service providers (ISPs), technological protection measures, criminal liability, and limitations and exceptions. This chapter analyzes whether private and public interests represented by various stakeholders in the copyright ecology are taken into full account and kept balanced under TPP. This chapter also evaluates member states' diverse considerations for implementing those copyright provisions. Furthermore, this chapter uses the IP Chapter as a lens to illustrate the international expansion of copyright facilitated by trade negotiations.

## **IP & Asia**

### **From TRIPS to FTAs and back: re-conceptualising the role of a multilateral IP framework in a TRIPS-plus world**

Henning Grosse Ruse-Khan (University of Cambridge – Faculty of Law; Max Planck Institute for Innovation and Competition)

*Forthcoming in: Netherlands Yearbook of International Law*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3082718](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3082718)

International intellectual property (IP) protection is increasingly governed by a network of bilateral and regional treaties. Most of these contain obligations on the protection and enforcement of IP that set significantly higher standards than those of the TRIPS Agreement, commonly referred to as 'TRIPS-plus'. Human rights bodies, NGOs, and academic commentators often criticise these standards for undermining flexibilities available under TRIPS. Such policy space, however, is critical to design national IP laws in light of domestic needs. This chapter makes a case for the continued relevance of the TRIPS Agreement as an overarching, multilateral framework. My argument is based on the role treaty law affords to the object and purpose expressed in Articles 7 and 8 TRIPS. They have not only been recognised as essential for promoting access to medicines in the Doha Declaration on TRIPS and Public Health. As integral objectives and principles of TRIPS, Articles 7 and 8 limit the ability of WTO Members to modify their IP-related treaty obligations inter se. Based on their negotiation history and common understandings expressed by WTO Members, I argue for an enhanced role of TRIPS' object and purpose as a loose constitutional frame for IP commitments in bilateral and regional treaties.

## **Comment of the Global Antitrust Institute, Antonin Scalia Law School, George Mason University, on the Japan Patent Office's Tentative Guidelines on Licensing Negotiations Involving SEPs**

Douglas H. Ginsburg (U.S. Court of Appeals for the District of Columbia Circuit; George Mason University – Antonin Scalia Law School, Faculty)

Bruce H. Kobayashi (George Mason University – Antonin Scalia Law School)

Tad Lipsky (George Mason University – Antonin Scalia Law School)

John M. Yun (George Mason University – Antonin Scalia Law School, Faculty)

Joshua D. Wright (George Mason University – Antonin Scalia Law School, Faculty)

*George Mason Law & Economics Research Paper No. 17-45*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3079801](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3079801)

This comment is submitted in response to the Japan Patent Office's request for comments on its Guidelines for Licensing Negotiations Involving Standard Essential Patents. The Global Antitrust Institute's Competition Advocacy Program provides a wide-range of recommendations to facilitate adoption of economically sound competition policy, including how to analyze conduct involving standard essential patents.

## **Parallel importation of patented products in Thailand: the need for the new patent exhaustion regime in the light of the ASEAN economic community**

Noppanun Supasiripongchai (University of Phayao – School of Law; University of Phayao – Center for the Law of Intellectual Property and Business)

*Queen Mary Journal of Intellectual Property (QMJIP), Volume 7, Issue 4, pp. 366–415, 2017*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3085372](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3085372)

This article considers the problem of parallel importation of patented products in Thailand in the light of the ASEAN Economic Community (AEC). One of the objectives of the AEC is to promote the free movement of goods and a single market within the Southeast Asia region. But, the exhaustion provision in section 36(7) of the Thai Patent Act 1979 makes it difficult for Thailand to achieve such an objective because it is unclear whether this provision is applied as national exhaustion or international exhaustion. Also, this exhaustion provision can only apply to the petty patent and the patent for invention, but cannot apply to the design patent, so the design patent owner can prevent parallel importation of products embodying the registered design from other ASEAN countries into Thailand. In order to achieve the AEC objective, this article argues that a regional exhaustion approach like that of the EU is appropriate for Thailand, but the wording of the current exhaustion provision does not support the application of a regional exhaustion approach. Hence, this article suggests that changes should be made to several provisions in the Thai Patent Act 1979 in order to make them compatible with the regional exhaustion approach. Such a change should ensure that the exhaustion provision can be applied to the design patent. Also, the proposed change should ensure that if the products are manufactured by the holder of a compulsory licence in another country and imported into Thailand without the consent of the patent owner, then the patent owner in Thailand should be able to prevent it. The additional legal measure, which provides a means of access to the complaints procedures of the relevant safety authorities in the circumstance where the patented products imported from other ASEAN countries are not safe, should be introduced. Also, a change should be made to some border measures provisions in order to allow such provisions to apply where the imported products infringed the patent right in the same manner as they apply in the context of trademark and copyright.

## Other IP Topics

### **Debugging software patents after Alice**

Jonathan Stroud (Unified Patents Inc.)

Derek Min Kim (American University, Washington College of Law, Students)

*69 South Carolina Law Review 117*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2971269](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2971269)

Software has grown staggeringly complex. The scale of data storage and large-scale population problems has led to ever-more-complex software solutions, creating billion-dollar companies and disrupting old industries—largely without patent protection. Given the speed and scope of change, does software deserve patent protection, and if so, in what form? Software patents are inherently complex, abstract, and difficult to claim; and broad patent claims often issue from the United States Patent and Trademark Office (“USPTO”). Some suggest that software developers are better off without patents, as the innovative and rapidly moving software industry benefits little by the slow patent examination process at the USPTO. The process results in hundreds of thousands of patents that have saleable value only decades after innovations have been commercialized and since grown obsolete. Those patents are sold and resold and eventually used by non-practicing entities to extract settlement value regardless of the invention’s original scope.

Since the Supreme Court’s *Alice Corp. v. CLS Bank International* decision, software patent protection has been uncertain: lower courts have invalidated a number of software patents, the USPTO has slowed down examination, and inventors have increasingly abandoned their issued-but-now-questionable patents. Despite the rising rejection and invalidation rates in these areas, the USPTO continues to issue a record number of software patents. Clearly, at least a desire for strong software patent protection still exists. But how can we change our system to protect only supported, innovative ideas while at the same time weeding out undeserving, ambiguous claims? This Article argues that the solution starts with examination at the USPTO and calls for structural and regulatory reforms to limit the issuance of low-quality claims.

### **Text matching to measure patent similarity**

Sam Arts (Katholieke Universiteit Leuven – Faculty of Business and Economics (FBE))

Bruno Cassiman (IESE Business School; Katholieke Universiteit Leuven – Faculty of Business and Economics (FBE))

Juan Carlos Gomez (Universidad de Guanajuato)

*Working paper*

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3076876](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3076876)

We propose using text matching to measure the technological similarity between patents. Technology experts from different fields validate the new similarity measure and its improvement on measures based on the United States Patent Classification System, and identify its limitations. As an application, we replicate prior findings on the localization of knowledge spillovers by constructing a case-control group of text-matched patents. We also provide open access to the code and data to calculate the similarity between any two utility patents granted by the United States Patent and Trademark Office between 1976 and 2013, or between any two patent portfolios.

## Gender diversity, R&D teams and patents: an application to Spanish firms

Mercedes Teruel (Rovira i Virgili University)

Agustí Segarra-Blasco (Rovira i Virgili University)

XREAP 2017-09

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3076169](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3076169)

Previous results show that gender diversity increases the probability firms' innovation. This paper explores the relationship between gender diversity of R&D departments and their capacity to patent. Based on the Spanish Community Innovation Survey between 2004 and 2014, we have applied a two-step procedure control for endogeneity. Our results show that gender diversity affects a firm's capacity to patent in different manners depending on the coverage of the patents. On the one hand, gender diversity affects OEPM patents negatively, while the impact becomes positive for patents with an international coverage (EPO, USPTO, or PCT). This analysis is relevant in order reveal the dual effect of gender diversity within R&D teams on their capacity to process and register patents.

### 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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