

CREATIVE LAWMAKING: A COMMENT ON LIONEL BENTLY,
*COPYRIGHT, TRANSLATIONS, AND RELATIONS BETWEEN BRITAIN
AND INDIA IN THE NINETEENTH AND EARLY TWENTIETH
CENTURIES*

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Lionel Bently's paper raises several interesting questions pertinent to the debate over harmonizing (or accommodating) disparities in national laws. Not only must we consider substantive questions on what the harmonized rule should be, but we must also consider strategic issues: When should disparate laws be reconciled, and on what basis should it be done? Following Justice Brandeis's notion of the states as laboratories,¹ should we be more tolerant of a messy global system in the name of learning about how various approaches operate in practice? Should we, in short, agree to disagree so that we can promote not only creativity in science and the arts, but also in jurisprudence?

Bently's account of the history of the translation right shows us what is missing when the desire for an orderly system leads to premature lawmaking at the international level: we lose sight of the rich social and political context in which the law is meant to operate. For India at the time the translation right was debated internationally, that included the abundance of local languages and the strength of their literatures, the desire to forge an integrated nation, and the expanding demand for foreign educational materials. It would have been useful to learn how a rule such as the one that India proposed would have worked; whether it would have led to more authoritative translations (because the ten-year term would have put authors under more pressure to translate) and whether it would have generated an industry in locally sensitive adaptations (because the term would have expired during the useful life of the protected work). Even if India had eventually moved to a full term for the translation right, its experience would be useful today, as the developing world struggles to absorb the worldwide knowledge base.²

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1. *New State Ice Co. v. Liebman*, 285 U.S. 262, 311 (1932) (Brandeis, J., dissenting).

2. *See generally* Margaret Chon, *Intellectual Property and the Development Divide*, 27 *CARDOZO L. REV.* 2821 (2006).

In the lawmaking rush, legal context must also be considered. Take for example, Jens Gaster's description of the enactment of the database directive.³ He presented it as the answer to Europe's disparate methods for protecting works of low authorship—in other words, a classic case of harmonizing law to avoid disparities. For the European Community ("EC"), this directive may be appropriate. However, the EC's attempt to induce other countries to offer similar protection needs to be considered carefully: it is important to remember that before the database directive became law, one of Europe's low-authorship regimes had provoked a strong competition-law doctrine, capable of dealing with the kinds of problems that are presented when facts are privatized.⁴ The EC also enjoys a court with authority to limit the effect of the directive when its application threatens to chill more creative production than it encourages.⁵ Without this legal infrastructure, imposing such a regime on other states may be a mistake—even if it tidies up legal disorder. Admittedly, it is probably not necessary to wait for cultural, economic, and legal convergence in every instance where harmonization is considered; historical studies of situations like India's, where no disparity was allowed, may enable us to identify the contexts in which convergence is needed and when it is not.

I believe that the wait-and-see approach is particularly appropriate for patent law right now, even though harmonization is a persistent topic of discussion both regionally (in Europe) and internationally (at the World Intellectual Property Association).⁶ Bently's piece demonstrates the difficulties experienced in copyright law in the nineteenth century, during the growth of secondary markets for published works. For patent law, the twenty-first century is proving equally fraught with challenges, for the movement from an industrial to an information age has created many dislocations.

First, the business of doing science is shifting. Universities are entering the system, asking for patents that cover the basic research that characterizes the academic enterprise. Small, knowledge-intensive firms use

3. Jens Gaster, Comments at the Chicago-Kent Symposium: Intellectual Property, Trade and Development, Accommodating and Reconciling Different National Levels of Protection (Oct. 12–13, 2007).

4. See Joined Cases C-241/91 P & C-242/91, *Radio Telefis Eireann v. Comm'n*, 1995 E.C.R. I-747 (finding a refusal to license copyrights covering facts anticompetitive).

5. See Case C-203/02, *British Horseracing Bd. Ltd. v. William Hill Org. Ltd.*, 2004 E.C.R. I-10415.

6. See, e.g., *Stakeholders Debate Future Policy on Patents*, SINGLE MARKET NEWS, July 2006, at 20 (describing the debate over the Community Patent); World Intellectual Prop. Org., Substantive Patent Law Harmonization, <http://www.wipo.int/patent/law/en/harmonization.htm> (last visited Jan. 19, 2007).

patents in new ways, as signals and organizational devices that attract and manage shifting alliances and collaborative efforts. The new demand for protection produced by these changes pushes patents upstream and arguably leads to a system where smaller advances qualify for protection. Further, it induces “arms race patenting,” where firms acquire patents as negotiation tools and fodder for counterclaims. As inventive space fills with patents, transaction costs increase and entry is deterred.

Second, the relationship between science and technology is changing. In both biotechnology and information sciences, fundamental advances are also end-products, and thus fully entitled to patent protection. Protection for core principles—especially in fields where knowledge is cumulative—is, however, worrisome. Exclusive rights over information that was once available for free creates new risks that technological progress will be chilled or slowed.

Third, the ratio between patents and marketed products is undergoing significant alteration. Traditionally, the patent-to-product ratio was close to one. A pharmaceutical, for example, is typically protected by one patent (on the compound) and perhaps one or two process patents (on methods of manufacture and delivery). For products in the information sciences, the ratio is several orders of magnitude higher—a Blackberry, for example, is made up of many components, each of which may be separately patented and thus may require separate licensing arrangements. As a result, there are many new possibilities for opportunistic behavior (and also many new opportunists, in the form of patent trolls—entities that make money from enforcing patents, rather than from inventing or manufacturing). Conversely, in the biotech arena, the patent-to-product ratio may be vastly smaller than one. Patents on gene sequences and protein structures protect broad-ranging research opportunities, which can yield a multiplicity of products. There are serious questions whether those who hold such broad patents have the capacity and incentive to fully exploit their rights or license them efficiently.

Finally, there are changes in the marketplace: intermediation by the aforementioned trolls, consumer demand for interoperable and multifunctional products, industries that coordinate through standard-setting organizations, and products characterized by network effects and lock in. Where patents once returned rewards that roughly matched inventors’ technical contributions, these developments create a new class of winners and losers. Litigation involving a troll can produce exceptional monetary returns because the troll cannot be bought off with cross licenses (since it is not in the business of inventing or manufacturing). Nor is the troll constrained by

normal litigation norms—what goes around never comes around because the troll's lack of participation in the market means it will never be in a position to defend an infringement suit. In the case of markets that tip because of network effects, standard setting, and such, the reward the patentee receives (and the lack of a reward others receive) is path- (rather than technological superiority-) dependent.⁷

How is law to evolve to cope with all of these challenges? More importantly, where is the facility for change located? Does the desire to harmonize patent law mean that new approaches must now “trickle down” from the international level to the states? At first blush, the procedural problems facing India were very different from the situation we now confront. India was enmeshed in a three-regime structure comprising imperial, national, and international layers (Britain, India, and the Berne Union). Internationally, it was largely at Britain's mercy; although India had apparent say in policymaking, it is unsurprising that at the end of the day, its interest in preserving the freedom to translate was sacrificed to other concerns. Now, in theory, every country is directly involved in international negotiations and thus has the freedom to insure that its own interests are heard and accounted for.

Theory and practice can, however, be two different things. Developed nations are adept at finding fora (like the World Trade Organization (“WTO”)) where their rich markets give them special advantages. They also use unilateral and bilateral actions to advance their own interests.⁸ As to multinational negotiations, these can be quite opaque. In a sense, cohesive and well-heeled groups (which is to say rights holders) take the role once played by Britain. They exercise a similarly strong influence in international fora, but (like Britain) they are not necessarily concerned with what is best overall. And they are considerably less diffident than Britain about furthering their own interests.

7. See generally Graeme B. Dinwoodie & Rochelle Cooper Dreyfuss, *Patenting Science: Protecting the Domain of Accessible Knowledge*, in *THE FUTURE OF THE PUBLIC DOMAIN* 191 (Lucie Guibault & P. Bernt Hugenholtz eds., 2006).

8. For example, the United States Trade Representative maintains a list of countries that it claims are violating intellectual property rights. Failure to conform to U.S. demands can result in trade retaliation. See 19 U.S.C. §§ 2901–2906 (2000). The United States has also entered into free trade agreements that impose specific levels of intellectual property protection, sometimes exceeding the standards required in TRIPS. For example, the U.S. and Australia have agreed to prohibit certain forms of parallel importation, even though TRIPS takes no position on the issue. See Agreement on Trade-Related Aspects of Intellectual Property Rights art. 6, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Results of the Uruguay Round, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement]; U.S.-Austl. Free Trade Agreement, U.S.-Austl., May 18, 2004, T.I.A.S. No. 6422, available at http://www.ustr.gov/Trade_Agreements/Bilateral/Australia_FTA/Final_Text/Section_Index.html.

To take one example of an interesting idea emanating from India that may be just as much a loser in the current international scene as the translation right was in Bently's story: the rule barring second-use patents. Currently, the TRIPS Agreement does not specify the size of the inventive step that determines the right to obtain patent protection.⁹ In most countries—the United States is an example¹⁰—it is quite low, permitting patentees to acquire a patent on a new way to use a known product. For pharmaceuticals, this means that a firm can engage in “evergreening” (maintaining patent protection on a therapeutic compound for multiple patent terms) by devising new methods for using the compound to treat disease, by creating new dosage forms, or by incorporating the compound into new dosage media (such as slow-release capsules or a patch). As India passes out of the transitional phase envisioned by the TRIPS Agreement,¹¹ it is considering raising the inventive step so as to bar these “second use patents”—protection for successive (and rather minor) advances.¹²

This move would have enormous advantages for drug access. Right now India is busy opening the “mailbox” in which pharmaceutical patent applications were deposited while awaiting Indian adoption of TRIPS-compliant law. The ability to deny patents on these applications—to keep drugs now available generically out of the patent system—is important to the health of the population that the Indian generic drug industry supplies. But India's idea of experimenting by raising the height of the inventive step could have other ramifications as well. It could serve as a way to trim the broad patents currently being conferred on fundamental advances. For example, elucidating the structure of small macromolecules is now routine; were the inventive step heightened, there would be fewer gene and protein patents, and fewer risks that patentees will be unable to efficiently mine their claims.¹³ Furthermore, if the inventive step were higher, incremental advances would be patentable less often, which might reduce the patent-to-product ratio in the information sector.

It would, in short, be helpful to see those affected by social, legal, and technological developments engage in experimentation. But will the international system permit it? The U.S. pharmaceutical industry is already

9. TRIPS Agreement, *supra* note 8, art. 27(1). The inventive step requirement is called “nonobviousness” in American law. See 35 U.S.C. § 103 (2000).

10. See, e.g., Adam B. Jaffe & Josh Lerner, *Innovation and Its Discontents: How Our Broken Patent System Is Endangering Innovation and Progress, and What to Do About It* (2004).

11. TRIPS Agreement, *supra* note 8, art. 65.

12. See, e.g., D.N. Choudhary, *Evolution of Patent Laws “Developing Countries’ Perspective”* 134 (2006).

13. See, e.g., Helen M. Berman & Rochelle C. Dreyfuss, *Reflections on the Science and Law of Structural Biology, Genomics, and Drug Development*, 53 *UCLA L. REV.* 871, 895–97 (2006).

asking for India to be placed on the Special 301 Priority Watch list, in part because of India's position on second-use patents.¹⁴ In multinational negotiations, there are, however, some hopeful signs. Thus, Geoffrey Yu's remarks on transparency were quite encouraging.¹⁵ Breaking the hold of organized user groups is also important. Rosemary Coombe has suggested ways to introduce new national voices to the table,¹⁶ and both Duncan Matthews and Jamie Love have demonstrated the power of NGOs.¹⁷

Most important, the flexibility that the TRIPS Agreement gives to member states needs to be strengthened. For example, nations experimenting with their laws will often find themselves trying to fit the exceptions they make in their intellectual property regimes into the notorious three-step tests laid out in the TRIPS Agreement.¹⁸ But as Graeme Dinwoodie and I have noted elsewhere,¹⁹ these tests are interpreted in ways that may make creative lawmaking difficult to defend against WTO challenges. Lacking a normative vision of the role of intellectual property law in the knowledge economy, dispute settlement panels tend to rely on comparisons with *existing* exceptions to intellectual property rights—hardly a recipe for innovative lawmaking. Further, we have noted that the expansive interpretation that has been given to the technological neutrality principle in patent law²⁰ prevents member states from engaging in modest experiments focused on problems in particular sectors of the patent industries.

But even more is required. In future rounds, WTO negotiators need to operationalize the objectives and principles expressed in the introductory sections of the TRIPS Agreement: the goal of balancing rights and obligations so that the Agreement can, indeed, work to the mutual advantage of

14. PhRMA Submission to USTR on India for the 2004 Special 301 Report, *available at* <http://www.cptech.org/ip/health/c/india/india-phrma301-04.html>.

15. Geoffrey Yu, *The Structure and Process of Negotiations at the World Intellectual Property Organization*, 82 CHI.-KENT L. REV. 1445 (2007).

16. Rosemary J. Coombe, Intellectual Property, Human Rights & Sovereignty: New Dilemma in International Law Posed by the Recognition of Indigenous Knowledge and the Conservation of Biodiversity, 6 IND. J. GLOBAL LEGAL STUD. 59, 98 (1998).

17. Duncan Matthews, *The Role of International NGOs in the Intellectual Property Policy-making and Norm-setting Activities of Multilateral Institutions*, 82 CHI.-KENT L. REV. 1369 (2007); James Love, The Role of Industry and Nongovernmental Organizations, Chicago-Kent College of Law Symposium on Intellectual Property, Trade & Development: Accommodating and Reconciling Different National Levels of Protection (Oct. 12–13, 2006).

18. TRIPS Agreement, *supra* note 8, art. 27(1).

19. See Graeme B. Dinwoodie & Rochelle Cooper Dreyfuss, *WTO Dispute Resolution and the Preservation of the Public Domain of Science Under International Law*, in INTERNATIONAL PUBLIC GOODS AND TRANSFER OF TECHNOLOGY 861 (Keith E. Maskus & Jerome H. Reichman eds., 2005); Graeme B. Dinwoodie & Rochelle Cooper Dreyfuss, *International Intellectual Property Law and the Public Domain of Science*, 7 J. INT'L ECON. L. 431 (2004).

20. TRIPS Agreement, *supra* note 8, art. 27(1).

producers and users.²¹ It would be particularly useful if the requirements imposed by TRIPS were deemed to be ceilings on international obligations. This would allow nations that meet TRIPS standards to otherwise experiment with new legal regimes (like bars on second-use patents) without risking unilateral pressure to conform to the standards viewed as appropriate for radically different economies. In other writing, I have proposed adding a new section to the TRIPS Agreement that would recognize user rights.²² This addition would further clarify the tools that nations could use to reach the appropriate accommodations between the interests of producers and those who consume or build upon their work.

In the final analysis, Jerry Reichman and Keith Maskus may be right to suggest a moratorium on further expansions of international intellectual property protection.²³ A “trickle up” approach, one that internationalizes law only after disparate regimes have had time to operate, is a better way to develop a jurisprudence that meets emerging needs. This approach would permit not only experimentation, but *controlled* experimentation. In a world that prizes empirics and evidence-based decision making, the opportunity to watch and see how different approaches work should be highly valued. In the India/Britain story, we might have learned whether a ten-year translation right produces more translation than no right or a full term. Today, we could see whether potential inventors are, in fact, deterred if there are countries that fail to offer second-use patents. Allowing for such experimentation may even be a new source of comparative advantage, for as nations create law that reflects their own social context, new forms of creativity may begin to flower.

Other experiments are also possible. Thus, regional law may offer alternative inputs into creative lawmaking. As the developments in Europe show, aggregating the interests of similarly situated economies creates information about how particular intellectual property law rules operate across culturally divergent populations. Procedurally, we could also consider the advantages of common law development,²⁴ or even more informal sorts of decision making, such as cooperation among the domestic agencies that administer intellectual property laws or among the judges that imple-

21. *Id.* arts. 7, 8.

22. Rochelle Cooper Dreyfuss, *TRIPS—Round II: Should Users Strike Back?*, 71 U. CHI. L. REV. 21 (2004).

23. Keith E. Maskus & Jerome H. Reichman, *The Globalization of Private Knowledge Goods and the Privatization of Global Public Goods*, in INTERNATIONAL PUBLIC GOODS AND TRANSFER OF TECHNOLOGY, *supra* note 19, at 3, 36–39.

24. *See, e.g.*, Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469 (2000).

ment it.²⁵ And then there is the most radical approach of all: private ordering, as suggested by Séverine Dusollier's paper.²⁶

25. See, e.g., Anne-Marie Slaughter, *Global Government Networks, Global Information Agencies, and Disaggregated Democracy*, 24 MICH. J. INT'L L. 1041 (2003).

26. Séverine Dusollier, *Sharing Access to Intellectual Property Through Private Ordering*, 82 CHI.-KENT L. REV. 1391 (2007).