Introduction

Exploring an Unlikely Connection

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I. BACKGROUND: WHAT IS THE COMMON LAW?

On the face of things, the areas of intellectual property and the common law may seem to have very little in common. The common law is often viewed as an archaic body of rules and principles with little direct relevance to contemporary issues and debates. Intellectual property law, by contrast, is in large measure a modern subject, dealing with the regulation of culture, technology, and informational goods. What then might a body of law that had its origins in the twelfth century contribute to discussions about a subject that is about regulating innovation and creativity – and thus, the future? As it turns out, quite a lot indeed.

As a preliminary, appreciating the depth and pervasiveness of this connection necessitates an understanding of what indeed it is that the "common law" connotes. The common law is ordinarily thought to consist of legal rules that are almost entirely the creation of judges. Indeed, this institutional aspect – the equation of the common law with its "judge-made" status – is today the dominant way of defining what the common law is. As one noted scholar of the common law thus defines it, "[t]he common is that part of the law that is not based on [authoritative] texts, but instead is within the province of the courts themselves to establish."[1] Yet, hidden underneath this salient institutional dimension are other equally important facets to the common law, and it is hard to determine the extent to which these facets were influenced by (and not themselves influences on) the common law's judge-made nature. As Roscoe Pound put it more broadly, the common law "is essentially a mode of judicial and juristic thinking, [and] a mode of treating legal problems rather than a fixed body of definite rules."[2] The common law was, to Pound, synonymous with "our Anglo-American legal tradition."[3]

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[1] Melvin Aron Eisenberg, The Nature of the Common Law vii (1988).

[2] Roscoe Pound, The Spirit of the Common Law 1 (1921).

[3] *Id.*

Pound's observations are telling, because they echo the idea that the common law is at base a way of thinking about rules and institutions and the deployment of an "arsenal of sound common sense principles" during the process.[4] This idea no doubt revolves around the concept of heightened judicial involvement in the lawmaking process, but it certainly entails more. In its broadest sense then, the "common law" in the United States today implicates *five* possible ideas about the law and lawmaking, and most uses of the phrase – both in this volume and elsewhere – invoke some or all of them.

1. *As judge-made law*. This is the standard and indeed most common use of the phrase. Used in this sense, the phrase ordinarily entails an allusion to the question of separation of powers and the institution that is most appropriately suited to the task of lawmaking in an area.[5] Situations where judges actively *make* the law, rather than just interpret and apply it, are taken to be covered by the idea.
2. *As a mode of legal reasoning*. Judge-made law ordinarily follows a form of reasoning that is fairly distinctive, given its attempt to develop a forward-looking rule while at the same time focusing on the dispute at hand and relying on precedent for support. When used in this sense, scholars associate the common law with a form of practical reasoning that relies heavily on analogy, coherence, and incremental modification over time. It is in this sense that some use the phrase "the common law method."[6]
3. *As state rather than federal law*. This dimension of the common law is unique to the United States. With the Supreme Court's famous observation in *Erie* that "there is no federal general common law" in the country, in areas where Congress does not actively delegate lawmaking to federal courts or other narrowly circumscribed domains, federal courts are routinely seen as incapable of making law.[7] State courts were, as a result, to be the primary creators of the common law, which was thus state law. When used in this context the common law is synonymous with state law, even in situations where such law is not entirely uncodified.
4. *As an evolving and pluralistic body of law*. One of the features of legal rules that originate in judicial decisions is their intrinsic malleability in order to accommodate new situations. This dynamism imbues such rules with a fallibility that is rarely seen in relation to statutory law or indeed in judicial interpretations

[4] Mogul Steamship Co. v. McGregor, 23 Q.B.D. 598, 611 (1889).
[5] *See generally* Neil K. Komesar, Imperfect Alternatives: Choosing Institutions in Law, Economics, and Public Policy (1997).
[6] *See* Richard B. Cappalli, The American Common Law Method (1997); Frederick Schauer, *Is the Common Law Law?*, 77 Cal. L. Rev. 455 (1989).
[7] Erie R.R. Co. v. Tompkins, 304 U.S. 64, 78 (1938).

of statutes (i.e., "statutory precedents").[8] It also allows the law and lawmaking exercise to consider a variety of normative ideas and values in the formulation of the rule, given the intertemporal nature of any rule and its development. Consequently, it is not uncommon to use the term "common law" to connote bodies of rules that are developed inductively, from individual situations, and that accommodate a variety of normative goals in their functioning.

5. *As certain foundational subject areas.* The "common law" is also routinely used to reference the law's basic substantive areas of tort, property, contracts, and crimes (and in other common law countries, unjust enrichment), which form the building blocks of most other subject areas and were developed entirely by courts incrementally.[9] This is not to suggest that there aren't other – more advanced – areas that would fit this description just as well (e.g., antitrust law), just that ordinary usage routinely looks to these subjects, all of which constitute the standard first-year curriculum in most U.S. law schools.

II. OVERVIEW

Every one of these understandings of the common law has something important to contribute to discussions of intellectual property, and the chapters in this volume seek to illuminate the extent, significance, and likely implications of this interaction. Using this classification, these five understandings might thus be categorized into five broad themes, depending on the specific aspect of the common law that forms their focus.

A. *Judge-Made Intellectual Property Law*

Most intellectual property law today is statutory. Patent, copyright, and trademark law in the United States are today codified at the federal level.[10] Nonetheless, an unappreciated reality of U.S. intellectual property, across different regimes, is the fact that, despite this codification, courts continue to play an extremely important role in developing the law gradually. This process is seen in a variety of contexts: when the statute is silent and consciously delegates the development of a rule to courts, when the statute is ambiguous and necessitates judicial creativity to give it meaning and purpose, when the statute does not cover all of the doctrine in an area, or indeed when a regime is developed by state courts, completely independent of

[8] *See* William N. Eskridge, Jr., *Overruling Statutory Precedents*, 76 GEO. L.J. 1361, 1362 (1988) (outlining the hierarchy involved in courts' presumptions on the correctness of decisions).

[9] As an illustration, these were the standard subjects covered by Holmes in his classic book on the subject. *See* OLIVER WENDELL HOLMES, JR., THE COMMON LAW (1897).

[10] *See* 35 U.S.C. §101 *et seq.* (2005) (federal patent law); 17 U.S.C. §101 *et seq.* (2005) (federal copyright law); 15 U.S.C. §§1051–1141 (2005) (federal trademark law).

both federal and state legislative enactments. Each of these realities gives the lie to the idea that intellectual property (IP) lawmaking is within the exclusive purview of legislatures, and several chapters in this volume explore different dimensions of "judge-made" IP law.

In his contribution to the volume, Hanoch Dagan argues that there is nothing distinctive (or "exceptional") about property institutions that necessitates a heightened passivity among judges in relation to lawmaking.[11] Indeed there might – and indeed are – situations where courts have distinct institutional advantages over legislatures and ought to exercise their lawmaking abilities within these contexts. Although he does not suggest that judicial lawmaking is to be preferred in the context of property, he remains equally skeptical of "property exceptionalism," which asks judges to refrain from lawmaking in the areas of property and intellectual property. In Chapter 2, Henry Smith explores one such distinct context in which judicial lawmaking is often criticized: the judge-made IP doctrine of misappropriation.[12] Smith argues that those skeptical of misappropriation and its utility routinely fail to appreciate the fact that its origins were in "equity" rather than the traditional common law, a form of judge-made law that originated to mitigate the rigors of the common law. Equity works to control opportunistic behavior made possible by the common law, which Smith illustrates by offering a reconstruction of the misappropriation doctrine.[13]

Peter Menell and Margaret Lemos, in their respective contributions, offer various analytical and interpretive lessons that flow from recognizing the role that judges play in IP lawmaking. In Chapter 3, Menell systematically traces the symbiotic role that Congress and the courts have played in developing federal patent and copyright law, something that their facial statutory nature does not fully capture; he argues that this "mixed heritage" requires courts to trace the origins of a doctrine or proposition of law more fully before they choose an appropriate interpretive framework to use in molding and applying it.[14] Lemos asks a more general question: is the category of "common law statutes," which are treated as delegations of lawmaking power by Congress to courts, an analytically coherent category? She answers the question in the negative, arguing that the label obscures a variety of important institutional and normative questions that ought to be openly discussed, even (and perhaps, especially) in subject areas where courts might indeed be better than legislatures at law- and policy making.[15]

[11] Hanoch Dagan, *Judges and Property*, *in* Intellectual Property and the Common Law, in this volume.
[12] Henry E. Smith, *Equitable Intellectual Property: What's Wrong with Misappropriation?*, in this volume.
[13] *Id.*
[14] Peter Menell, *The Mixed Heritage of Federal Intellectual Property Law and Ramifications for Statutory Interpretation*, in this volume.
[15] Margaret H. Lemos, *Interpretive Methodology and Delegations to Courts: Are "Common-Law Statutes" Different?*, in this volume.

A few other contributions examine the role of judicial lawmaking within specific areas of IP law. Two chapters do so within the context of patent law's claim construction exercise. In Chapter 5, Dan Burk examines what the claim construction process might learn from the process of statutory interpretation, a task that courts at all levels routinely employ.[16] Noting that the jurisprudence of claim construction is entirely judge-made, Burk argues that courts would stand to benefit from an approach that eschews formalism in favor of one that he describes as "dynamic claim interpretation," which builds on the idea of dynamic statutory interpretation and modifies it to the context of patent law.[17] In the following chapter Polk Wagner and Lee Petherbridge undertake an empirical examination of the impact that one landmark en banc common law decision of the Federal Circuit, on the question of claim construction, actually has had on the jurisprudence in the area.[18] In *Phillips* v. *AWH*[19] the Federal Circuit, which sees itself as tasked with managing patent law jurisprudence, sought to clarify its rules on claim construction in an effort to provide lower courts (and presumably, parties) with clear guidance. Examining later opinions on claim construction, the authors conclude that the *Phillips* opinion was largely unsuccessful in its efforts at clarifying the law, which continues to remain in a state of disarray and inconsistency.

Michael Risch examines the effect that codification has had on the law of trade secrets.[20] Unlike the dominant forms of IP law, trade secret law was originally entirely judge-made, being a creation of state common law courts. After decades of common law development by state courts, the Uniform Trade Secrets Act (UTSA) was passed, which has since been adopted by forty-six states. Risch's chapter explores, using empirical methods, the impact that this codification has had on the substantive law; he shows that a majority of courts continue to rely on traditional common law rules and precedents even in the face of the statute and examines the conditions under which they do so. In his contribution to the volume, Christopher Yoo asks a similar question in relation to copyright law and the comprehensive codification of the subject that Congress undertook in 1976.[21] Arguing that courts have continued to develop copyright law in common law fashion, Chapter 8 examines the propriety of this reality, concluding that the debate about the appropriate institutional role in copyright law needs to be more "context-specific," with courts avoiding broad generalization in favor of a more granular and provision-specific approach.

[16] Dan L. Burk, *Dynamic Claim Interpretation*, in this volume.
[17] *See* William N. Eskridge, Jr., Dynamic Statutory Interpretation (1994).
[18] R. Polk Wagner & Lee Petherbridge, *Did* Phillips *Change Anything? Empirical Analysis of the Federal Circuit's Claim Construction Jurisprudence*, in this volume.
[19] Phillips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005).
[20] Michael Risch, *An Empirical Look at Trade Secret Law's Shift from Common to Statutory Law*, in this volume.
[21] Christopher S. Yoo, *The Impact of Codification on the Judicial Development of Copyright*, in this volume.

B. *The Common Law Method in Intellectual Property*

In developing the law through individual cases on an incremental basis, common law courts have long been known to employ a host of distinctive methods and techniques, which together comprise the common law method. These methods include the use of "analogical reasoning" in relying on prior decisions as precedent to formulate new rules,[22] the process of incremental (or gradual, context-specific) rule development,[23] and the reliance on customary practices in developing the law.[24] Courts involved in IP disputes too routinely deploy several of these techniques, with mixed results, and three chapters in this volume examine their pros and cons, offering different prescriptions for courts engaged in the process.

Tom Cotter in Chapter 9 explores what "legal pragmatism," long known to be the preferred method of rule development in the common law, can bring to lawmaking in intellectual property. Identifying the contextualization of thought, a rejection of foundationalism, an emphasis on consequences, situation sensitivity, and the use of practical reason as legal pragmatism's key attributes, Cotter argues that when applied to IP lawmaking, legal pragmatism has both strengths and weaknesses. He concludes that courts relying on it ought to do so in a nondogmatic and open-minded manner, recognizing that it is not likely to be a panacea for all hard questions and that it too – like most methods of legal reasoning – has important limitations when applied within certain contexts.[25]

In her chapter, Jennifer Rothman cautions against the unthinking use of custom in deciding IP cases. Noting that hallmarks of the common law method of reasoning have been its use of custom and its attempt to generalize a rule of conduct from the actual practices of parties, Rothman argues that IP law needs to adopt a more nuanced process of examining customary practices before treating them as sources of law. Examining how courts have used custom in the context of copyright's fair use defense, Rothman concludes that the utility of custom as a source of law depends on a variety of context-specific considerations, which courts ought to pay close attention to before converting custom into law.[26]

Analogical reasoning – the process of developing a rule of decision from prior opinions – is commonly taken to be the "classical" form of common law reasoning, and some scholars have argued that as a form of legal reasoning it is both autonomous

[22] *See* Cass R. Sunstein, *On Analogical Reasoning*, 106 HARV. L. REV. 741 (1993); Melvin A. Eisenberg, *The Principles of Legal Reasoning in the Common Law*, *in* COMMON LAW THEORY 81, 96–101 (Douglas Edlin ed. 2007).

[23] *See* Richard A. Epstein, *Cybertrespass*, 70 U. CHI. L. REV. 73, 73 (2003).

[24] *See* N. Neilson, *Custom and the Common Law in Kent*, 38 HARV. L. REV. 482 (1925); A.W.B. Simpson, *The Common Law and Legal Theory*, *in* 1 FOLK LAW: ESSAYS IN THE THEORY AND PRACTICE OF *LEX NON SCRIPTA* 119 (Alison Dundes Renteln & Alan Dundes eds. 1994).

[25] Thomas F. Cotter, *Legal Pragmatism and Intellectual Property Law*, in this volume.

[26] Jennifer E. Rothman, *Copyright, Custom, and Lessons from the Common Law*, in this volume.

and distinctive.[27] In her contribution to the volume, Emily Sherwin argues that, at least within the context of making laws for the Internet and information distribution therein, analogical reasoning is fraught with problems. Examining the doctrine of cybertrespass that courts developed to deal with information misuse on the Internet, Sherwin argues that reasoning by analogy is largely illusory as a stand-alone method. She notes that, in reality, judges purporting to reason from analogy are either engaged in a process of natural reasoning to what John Rawls described as a "reflective equilibrium" or in a rule-based decision-making process and shows how these methods might have been at play in cybertrespass.[28]

C. *State Intellectual Property Law*

The federal nature of the U.S. legal system has meant that both federal and state regimes of intellectual property have existed side-by-side for a long time. Although patent law and copyright law are today principally federal, other regimes of intellectual property such as trademark law, the law of trade secrets, publicity rights, and misappropriation operate either at both federal and state levels (e.g., trademark law) or exclusively at the state level. This has in turn prompted the development of a set of second-order rules to determine when and under what circumstances the presence of federal law has displaced state law on an issue: this is the question of federal preemption.[29] Whereas federal patent and copyright law seek to preempt most forms of analogous state law, federal trademark law is less restrictive and only preempts "interference[s]" from state law,[30] which has in turn allowed state trademark law to coexist with federal trademark law. Two contributions to this volume examine the interaction between federal and state intellectual property laws.

In Chapter 12, Jeanne Fromer seeks to make sense of the Supreme Court's somewhat confusing jurisprudence relating to the federal preemption of state IP laws. She argues that this jurisprudence is best understood against the backdrop of the Intellectual Property Clause of the U.S. Constitution (contained in Article I, Section 8, Clause 8), which informs Congress's purpose and intent behind the federal patent and copyright laws. Although it is not preemptive on its own, she nonetheless concludes that this clause adds content to the Court's preemption jurisprudence and suggests that state laws are preempted whenever they fall within the clause's "preemptive scope" and attempt to undermine the "balance" that Congress sought to give effect to in its federal laws.[31]

[27] *See* Gerald J. Postema, A Similibus ad Similia: *Analogical Thinking in Law*, *in* COMMON LAW THEORY 102, 103–08 (Douglas Edlin ed. 2007).

[28] Emily Sherwin, *Common Law Reasoning and Cybertrespass*, in this volume.

[29] *See generally* Viet D. Dinh, *Reassessing the Law of Preemption*, 88 GEO. L.J. 2085 (2000).

[30] *See* 15 U.S.C. §1127 (2005) ("The intent of this chapter is to . . . protect registered marks used in such commerce from interference by State, or territorial legislation.").

[31] Jeanne C. Fromer, *The Intellectual Property Clause's Preemptive Effect*, in this volume.

Whereas Fromer's chapter focuses on patent and copyright law – given that trademark law is not covered by the Intellectual Property Clause of the Constitution – Mark McKenna's contribution does just the opposite: it examines the interaction between federal and state trademark laws. The concurrent existence of federal and state trademark laws has often led to the observation that state trademark law continues to play an important (and independent) role in the area. McKenna argues that this belief is mistaken: state trademark law, both as a historical matter and in the present, has played a fairly insignificant "substantive" role in the area, which has seen an extensive amount of federalization over the years. He concludes by arguing that, given this reality, scholars would do well to examine and understand the reasons for this federalization and engage with it directly – to see if trademark law ought to move in the direction of patent and copyright law in this respect.[32]

D. *Plural Values in Intellectual Property*

Utilitarianism, often couched in economic terms, is today the dominant way of thinking about (and justifying) intellectual property. This dominance has in many ways undervalued the possibility of additional normative values and considerations working within various IP regimes and interfacing with their broad utilitarian mandate. One of the enduring features of the common law has remained its value pluralism: its ability to accommodate a multiplicity of considerations – both deontological and consequentialist – within its functioning through a variety of structural and functional mechanisms. Three chapters argue that IP law can, ought to, and perhaps already does build on the common law to internalize some of these methods and ideas.

In my own chapter, I focus on the role that the "normative structure" of a regime can play in informing its goals and ideals. I argue that the economic account of copyright law, which is today the dominant approach to understanding the institution, originated as an explanatory and positive account rather than as a justificatory and openly prescriptive one. In contrast, copyright's core architecture has remained constant over time, and its reliance on the idea of "exclusion" and "liability" reflects a deeper commitment to the ideal of outcome responsibility. Although these ideas are in the end perfectly compatible with the institution's overall functioning in utilitarian terms, they nonetheless remain distinct and independently valuable.[33]

Madhavi Sunder's contribution argues that this pluralism – originating in the common law – is indeed at work in the law of trade secrets, which contemporary analyses of the subject all too often ignore in focusing on its role as a mechanism of incentives in promoting the goal of economic efficiency. Examining the historical evolution of trade secret law and its connection to the employment market and

[32] Mark P. McKenna, *Trademark Law's Faux Federalism*, in this volume.
[33] Shyamkrishna Balganesh, *The Normative Structure of Copyright Law*, in this volume.

conditions therein, she concludes that the values of human freedom, development, and democracy have played an important role in the development and functioning of the law of trade secrets and that they are in many ways compatible with the idea of economic efficiency on which modern accounts of the law seem to focus. Remembering trade secret law's origins in the common law, she argues, will ensure that we neither forget nor reject these "broad-ranging values."[34]

In Chapter 16 David Lametti argues that various areas of intellectual property all reflect an "ethical teleology" that is all too easily glossed over when we discuss the system in individualistic, rights-based terms. Drawing on "virtue ethics," a branch of philosophy that traces itself back to Aristotle and that has begun to gain some prominence in the world of property theory, Lametti argues that an "ethical thread" might indeed be constructed that encapsulates the interconnected areas of private law, property, and intellectual property. Central to this ethical thread is a commitment to enlightened, self-reflective, and self-critical judgment and to the deployment of practical reason to realize a balanced decision-making process. Scholars have routinely noted how these ideals are a central feature of the common law process, and Lametti's chapter makes a persuasive argument for their instantiation in both property and intellectual property.[35]

E. *Parallels between the Substantive Common Law and Intellectual Property*

Beyond its origins in judicial opinions, the "common law" also routinely connotes a set of basic subject areas, all of which are today the staple of the first-year law school curriculum: torts, contracts, property, and criminal law. In innumerable ways, the basic edifices of intellectual property – whether patent, copyright, trademark law, or various other state regimes – are built on these foundational common law areas, a reality that has produced its own set of debates about how best to use, extend, or indeed minimize the functional salience of this provenance. Property law has clearly been the most visible area of influence in these debates, and more recently tort law has emerged as an entrant into the fray. Several chapters in this volume examine different aspects of this parallelism or provenance, suggesting a variety of prescriptive solutions. They may be usefully grouped into three categories based on the substantive area of the common law in which they seek their parallels.

Two chapters focus on the relationship between IP law and the common law rules of real property. In Chapter 17, Molly Van Houweling examines the lessons that the real property rules relating to servitudes might hold for intellectual property, specifically in relation to information costs. She focuses on one type of information cost that is of special importance to intangible rights such as intellectual property – "tracing costs" – the costs associated with identifying and locating the

[34] Madhavi Sunder, *Trade Secret and Human Freedom*, in this volume.
[35] David Lametti, *Laying Bare an Ethical Thread: From IP to Property to Private Law*?, in this volume.

owner of a right. She concludes that intellectual property might usefully incorporate several strategies seen in the law of servitudes, including modifications to the current law relating to exhaustion.[36] Eric Claeys' chapter focuses on a conceptual confusion, which he argues has obscured IP scholars' engagement with the institution of property over the years. Whereas most scholars have focused on property as the right to exclude in discussing its application to intellectual property, Claeys argues that some intellectual property rights such as trade secrets and misappropriation are better understood as usufructuary rights, which he defines as "a proprietor's right to use an asset, to continue using it, and to be free from attempts to divert his efforts to extract benefits from it." Claeys concludes that this conceptual confusion about property and its different manifestations have together produced an anti-property turn in IP scholarship, which is worthy of reexamination.[37]

Two chapters in the volume examine the relationship between intellectual property and the law of torts, an interface that has begun to assume some importance in recent scholarship.[38] Both chapters, somewhat interestingly, examine this interaction within the context of copyright law. In his contribution, Steven Hetcher argues that the common description of liability for copyright infringement as strict is inaccurate; as a descriptive – rather than normative – matter, copyright law today already incorporates a "fault standard" into its functioning, in the nature of the fair use doctrine. He argues that the fair use doctrine ought to be understood as a component of the plaintiff's prima facie case, as a result of which the plaintiff would bear the burden of proving that the defendant's copying constituted an "unfair use" (in addition to the other elements that the plaintiff needs to establish) and suggests that a variety of important structural and practical considerations are likely to flow from this understanding.[39] In Chapter 20, Wendy Gordon unpacks the nature of the copyright tort. She argues that the ideas of "harm" and "fault" already play a role in its functioning and that an ideally reformulated version of the tort should perhaps give a more significant role to the concept of "harm." The chapter examines what "harm" can or should mean by reviewing four plausible 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), and discusses the appropriateness of using each in the copyright context. While Gordon argues that there remain too many issues that need to be resolved before harm becomes a formal pre-requisite for liability in copyright, her chapter takes steps toward resolving

[36] Molly Shaffer Van Houweling, *Technology and Tracing Costs: Lessons from Real Property*, in this volume.

[37] Eric R. Claeys, *Intellectual Usufructs: Trade Secrets, Hot News, and the Usufructuary Paradigm at Common Law*, in this volume.

[38] *See, e.g.*, Avihay Dorfman & Assaf Jacob, *Copyright as Tort*, 12 THEORETICAL INQ. IN LAW 59 (2011); Shyamkrishna Balganesh, *The Obligatory Structure of Copyright Law: Unbundling the Wrong of Copying*, 125 HARV. L. REV. 1664 (2012).

[39] Steven Hetcher, *The Fault Liability Standard in Copyright*, in this volume.