THE CAMBRIDGE HANDBOOK OF INVESTMENT-DRIVEN INTELLECTUAL PROPERTY

This handbook challenges the conventional wisdom that intellectual property is the law of creativity. Traditionally, IP has been instrumental for protecting creations of the mind, with only inventors of original works enjoying exclusive rights. Related, *sui generis*, and quasi-IP rights, which protect monetary investments and efforts rather than originality and inventiveness, were considered exceptions to the general principles of IP. But increasingly, IP rights are being granted to safeguard corporate investments. This handbook brings together an international roster of contributors to explore this emerging trend. Why are investments the primary driver of legal protection, and often the main requirement to obtain it? Who benefits from such new forms of protection? What should the scope of these new rights be? And are they desirable in the first place? In doing so, the volume is the first to highlight and systematically critique the move from 'intellectual' to 'investment' property.

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The Cambridge Handbook of Investment-Driven Intellectual Property

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Foreword

Graeme B. Dinwoodie

The justifications for different forms of intellectual property protection have always been somewhat ecumenical. In particular, as many chapters in this wonderful book note, advocates have often toggled between the moral obligation to reward personal creativity (or, alternatively, labour) on the one hand, and more instrumentalist arguments based upon incentives to behave in particular socially useful ways, on the other. Without intruding too far into the semantics of the recent debate between Rob Merges and Mark Lemley,[1] adherence to all of these approaches depends upon some first-order commitments. Faith in facts is no less a faith. A devotion to supposed empirical instrumentalism is simply fealty to a different core tenet than that from which deontologists draw support for the same or similar rights. We each have our own imperfect deities. Intellectual property law (and lawyers) is no different.

Moreover, any assessment of the underlying basis for intellectual property protection must also reckon with the relatively late provenance of the term 'intellectual property' both internationally and domestically. As Lionel Bently commented a decade ago: '"intellectual property" has rapidly moved from being a category *of* laws developed from the convenient presentation of distinct legal regimes into a legal concept – a category *in* law'.[2] At the international level, the systems of 'literary and artistic property' and 'industrial property' have merged into 'intellectual property'. But the resonance and normative foundations of those concepts differs, as they always have. Most consequentially, trademark and unfair competition law sometimes appear in different ways to be outsiders at the familial sibling get-together. But even at the national level, there are longstanding unresolved debates over whether 'trade secrets' or 'publicity rights' or 'unfair competition' can really be called 'intellectual property'.[3] One might argue not so much that the nature of intellectual property law has shifted with the expansion of the forms of protection canvassed in this volume, but that the entire legal category has lost any coherence.

With all that said, the editors of this volume have identified an important shift in the way that we (and especially legislators and policymakers at the international level) think and talk about intellectual property. Increasingly, emphasis is placed upon the importance of protecting

[1] *See* Mark A Lemley, 'Faith-Based Intellectual Property' (2015) 62 UCLA Law Review 1328; Robert P Merges, 'Against Utilitarian Fundamentalism' (2015) 90 St. John's Law Review 681.

[2] Lionel Bently, 'What Is Intellectual Property?' [2012] Cambridge Law Journal 501, 502 (emphasis added)

[3] Cf eg, Lionel Bently, 'Trade Secrets "Intellectual Property" But Not "Property"?' in Helena Howe and Jonathan Griffiths (eds) *Concepts of Property in Intellectual Property Law* (CUP 2013) 60, with Emily Hudson, '*Phillips v Mulcaire*: A Property Paradox' in Simon Douglas, Robin Hickey and Emma Waring (eds) *Landmark Cases in Property Law* (Hart 2017).

'investment'. This enhanced prominence for the concept of investment takes a number of different forms. First, it clearly drives the stated justifications for several new national laws. Second, it represents the protectable *res* in certain new *sui generis* schemes, such as the database rights created in the European Union. Third, at the international level, treating intellectual property as 'investment' offers the possibility of new forms of international protection under investor–state dispute resolution mechanisms. This shift is therefore consequential, even if describing it as a fundamental reorientation of intellectual property requires greater certitude about the coherence of what went before than I think history allows.

How should we measure the significance of this shift? First, in order to quantify it, it is important to establish a baseline. Historically, not all intellectual property law has been conceptualised as protecting creators (despite the label given to the field). In particular, trademark law confers rights on the person with whom a sign is associated, not upon the person who came up with the sign. This is not new. In some countries, such as the United States, the work-for-hire doctrine in copyright law has long conferred the status of authorship on the person who paid for the creation of the work rather than upon the individual creator – what some have called an 'economic conception' of authorship. And international treaties in the field have for decades recognised and regulated what civil-law countries would call neighbouring rights; rights conferred on, for example, the producers of sound recordings and broadcast organisations. Such regimes simultaneously recognise the important claim of certain types of investment in contributing to the creative ecosystem while granting lesser rights than available to 'true creators' such as artists and authors.

Second, even when doctrinal terminology has long talked about the protection of creativity, sometimes that masks a policy commitment to investment. Thus, patent protection turns on the importance of novelty and inventiveness, but those standards work to tell us that it is concerned with encouraging investment in activity that meets those thresholds. The EU Database Directive, a modern exemplar of the new commitment to investment, made this doctrinally explicit,[4] when the Court of Justice of the European Union in *William Hill* refused to confer rights as a result of investment in activities not the focus of the legislation.[5]

Third, unmasking and making transparent these embedded assumptions, as this book does repeatedly, is immensely valuable. Many of the doctrinal concepts in intellectual property law have little intrinsic content. To make sense of them, and give them practical meaning, requires stripping them down to reveal underlying policy motivations or concerns. This can sometimes be done close to the surface, making explicit what doctrine barely conceals. But sometimes this requires more intense analysis, exploring how neutral doctrines nominally unconcerned with investment privilege it in important ways. A recent example is the work of Jeanne Fromer, who argues that the doctrines surrounding the establishment of trademark rights via the concept of secondary meaning effectively protect investment in marketing.[6] Judicial declarations that secondary meaning turns on the effects of marketing investment rather than the investment as such offer only a thin rebuttal.

Fourth, recognizing the shift affects outcomes in concrete cases. Most obviously, this occurs in case where investment is textually the *sine qua non* of a protectable right, as in the EU database rights regime. But in a system where purposive interpretation is important (and it

[4] *Football Dataco v Sportradar* [2013] EWCA Civ 27 at [44].
[5] *British Horseracing Board v William Hill*, Case C-203/02 [2004] ECR I–10415 (CJEU Grand Chamber).
[6] Jeanne C Fromer, 'Against Secondary Meaning' (2022) 98 Notre Dame Law Review (forthcoming).

normally is, even in jurisdictions that might tout alternative interpretive methodologies), it can help guide decisionmakers. Thus, a UK court stressed the importance of assessing infringement of copyright in films or broadcasts by reference to the rationale for protection of such works, namely, protection of the investment, rather than whether there has been taking of an author's own intellectual creation as might be relevant for authorial works.[7]

Finally, the excavation that the book performs should start a broader conversation about the relationship between investment and creativity, perhaps beyond the many illustrations discussed in the pages that follow. For example, we tend to frame the contest between those competing lodestars in terms of the contribution of the right holder. But a fuller appreciation of the relative power of creativity and investment to shape the contours of protection might also take into account the ways in which those tropes are deployed by defendants as well. Thus, in *Google v Oracle*, an example of the recent US Supreme Court decision on fair-use defence, the majority opinion of Justice Breyer placed weight on the fact that much of the value of the plaintiff's computer code derived from the investments made by third-party computer programmers.[8] (In some respects, this was an inversion of the 'reaping where you have not sown' metaphor that grounded liability in *INS v Associated Press*).[9] In dissent, Justice Thomas suggested such considerations were irrelevant. And in an earlier US Supreme Court case on fair use, the Court (while affirming that a defendant cannot escape liability simply by showing how much of his work was not copied) recognised that the creative contribution of a defendant might still help tip the fair-use scales in its favour.[10]

This book is a clear-eyed exploration of what drives contemporary intellectual property law across a number of jurisdictions. It draws back the curtain in ways that make one see several existing forms of protection in a different light, but will also provoke the reader into rethinking a range of broader assumptions about how and why we protect intellectual property. The book beautifully embodies the pluralistic values at the heart of its inquiry: the investment of time by the contributors and their creativity of thought are both evident throughout. Readers will be richly rewarded by investing their own time in reconsidering whether and to what extent intellectual property law is about more than the protection of creativity.

Chicago, October 2022

[7] *English & Wales Cricket Board Ltd v Tixdaq Ltd and Fanatix Ltd* [2016] EWHC 575 (Ch), paras [65]–[66] (Arnold J).
[8] *Google LLC v Oracle Am Inc* 141 S Ct 1183 (2021).
[9] *Int'l News Serv v Associated Press* 248 US 215 (1918).
[10] *Campbell v Acuff-Rose Music Inc* 510 US 569, 589 (1994).

Introduction

On the surface, intellectual property (IP) law is a body of rules and principles that grant legal rights in the products of the mind. The law's central doctrines – for example, originality and non-obviousness – restrict IP rights to the outputs of the mental faculties of creativity, ingenuity, and imagination. But do not take our word for it. The idea of IP law as *intellectual* property, properly so called, can be found in a vast range of legal and non-legal sources. Judges say that copyright protects the 'creative powers of the mind',[1] and originality is its '*sine qua non*'.[2] American presidents say that patents add the 'fuel of interest to the fire of genius'.[3] British prime ministers claim that we live in 'the most creative and imaginative country on earth' and ought to have the 'gumption to exploit our intellectual property'.[4] And lexicographers define IP as property in the 'work of the mind or intellect'.[5]

But scratch below the surface and a different picture emerges. The lofty idea of IP law as property of the mind has long been more rhetoric than reality. In the nineteenth century, IP lawyers increasingly justified IP protection through appeals to the romantic author or genius inventor and their natural rights.[6] But during the same period, the very same lawyers sought to extend IP protection by excising these mythical figures from the realities of legal doctrine. On the one hand, jurists like Justice Oliver Wendell Holmes Jr extolled the virtues of originality and creativity, while, on the other, they decided that almost any work (such as circus lithographs) would be sufficiently creative to enjoy copyright protection.[7] With a straight face, patent lawyers wrote that the 'design of the patent laws is to reward those who make some substantial discovery or invention' and that such inventors 'are worthy of all favour',[8] while at the same time they embraced employer ownership of inventions. In America, what emerged was a new ideological scheme that was full of contradictions and built-in tensions.[9] In Great Britain, the result was a

[1] Trademark Cases 100 US 82, 94 (1879) (USA).
[2] *Feist Publications Inc v Rural Telephone Service Co* 499 US 340, 345 (1991) (USA).
[3] Abraham Lincoln, 'Lecture on Discoveries and Inventions, Jacksonville, Illinois (February 11, 1859)' in *Lincoln: Speeches and Writings: 1859–1865* (Literary Classics of the United States 1989) 11.
[4] Boris Johnson, 'Now Here's a Wizard Idea: Why Not Bring Harry Potter Home?' *The Telegraph* (7 June 2010) <www.telegraph.co.uk/politics/o/now-wizard-idea-not-bring-harry-potter-home>.
[5] *Merriam Webster's Dictionary*.
[6] Oren Bracha, *Owning Ideas: The Intellectual Origins of American Intellectual Property, 1790–1909* (CUP 2017).
[7] *Bleistein v Donaldson Lithographing Company* 188 US 239 (1903) (USA).
[8] *Atlantic Works v Brady* 107 US 192, 200 (1882) (USA).
[9] Bracha (n. 6).

shift away from a pre-modern regime that focused on the mental creativity that produced the intangible and towards a modern IP law that focused on the intangible itself as a commodity, regardless of the amount of creativity required for its genesis.[10] As Uma Suthersanen in her opening chapter to this book ('Creativity, Pluralism, and Fictitious Narratives: Understanding IP Law through Karl Polanyi') explains, while IP is a pluralist concept which protects a vast variety things for a vast variety of reasons, increased participation of corporations since the nineteenth century has led to an increasingly commodified and industry-driven IP law.

This book is concerned with the latest phase in this historical tension. While IP law is still described and justified in terms of creativity and ingenuity, legal reality is becoming ever more distanced from such concerns. In the late twentieth and early twenty-first centuries, IP law is increasingly composed of *sui generis* rights, related or neighbouring rights, and quasi-IP rights, which explicitly protect non-creative and non-inventive intangibles. At the same time, the extension of traditional IP rights, such as copyright and patents, to trivially and insignificantly creative intangibles has picked up pace. And while the subject matter of these rights – the databases, the phonograms, the pharmaceutical test data, and so on – may not be the product of creativity, it is all the product of monetary investment, and so, it is claimed, it ought to be protected. Such 'investment-driven' IP rights began life as an exception to the principle (or myth?) that IP protects the works of the mind or intellect. But today, they are the exception that increasingly characterises the entire field.

This pattern is also evident in trademark law. One might potentially think of trademarks as the original investment-driven IP right. So familiar are we of including trademarks within the field of IP that we sometimes forget how historically and conceptually contentious it is to think of trademarks as property,[11] let alone intellectual property.[12] Yet today, investment-driven extensions to trademark rights have resulted in a creeping propertisation of signs and symbols. As confirmed in several decisions by the Court of Justice of the European Union, the 'investment' function of trademarks has become of paramount importance.[13] Increasingly, the public can no longer use trademarked signs when to do so would interfere with the sign's ability to build up a reputation.[14] This is particularly important in the case of well-known trademarks, where 'anti-dilution' provisions do not aim at avoiding consumers' confusion in the marketplace, but have the purpose of protecting the investments and efforts made by the trademark owner to make the sign popular among the public.

Against this background, the essays in this collection explore the increasingly non-creative and investment-driven nature of IP law in a variety of jurisdictions and from a variety of methodological perspectives. The book is divided into three parts. Part I examines the rise of investment-driven IP in relation to technology, science, and industry. Some of the chapters in this part consider the new investment-driven IP rights lawmakers enacted in the late twentieth and early twenty-first centuries. Caterina Sganga (in '*Sui Generis* Protection of Non-creative Databases') explains how and why the EU Database Directive came to protect non-creative databases through the *sui generis* database right. Daria Kim (in 'Test Data Exclusivity: An Elusive

[10] Brad Sherman and Lionel Bently, *The Making of Modern Intellectual Property Law* (CUP 1999).
[11] Mark A Lemley, 'The Modern Lanham Act and the Death of Common Sense' (1999) 108 *Yale Law Journal* 1687.
[12] Trademark Cases (n. 1).
[13] See the CJEU judgment of 22 September 2011 in *Interflora Inc and Interflora British Unit v Marks & Spencer plc and Flowers Direct Online Ltd* (C-323-09).
[14] See the CJEU judgment of 23 March 2010 in *Google France SARL and Google Inc v Louis Vuitton Malletier SA* (C-236/08); *Google France SARL v Viaticum SA and Luteciel SARL* (C-237/08); and *Google France SARL v Centre national de recherche en relations humaines (CNRRH) SARL and Others* (C-238/08).

Pursuit to Strike a Balance between Affordable Drugs and Investment Incentives') considers the economic case for providing legal exclusivity over pharmaceutical test data. Similarly, Enrico Bonadio, Luke McDonagh, and Plamen Dinev (in 'Copyright in Works Created by Artificial Intelligence: Between Creativity and Investments') consider whether works created by artificial intelligence also ought to enjoy *sui generis* protection, and Viola Prifti (in 'Plant Variety Protection and Investment') argues that countries must have flexibility in how they provide protection to plant varieties. Meanwhile, some of the chapters focus on the investment-driven extensions to existing IP rights. Noam Shemtov (in 'Software Protection under Copyright Law: Interoperability and Protection of Program Interfaces') focuses on the adequacy of intellectual property in offering appropriate protection against copyists, especially where copying occurs in relation to inter-operability – allowing facets of computer programs which are crucial for a thriving software market capable of attracting investment. And Michael Meurer (in '*Bilski* and the Information Age a Decade Later') critiques the claim that patents are required to encourage firms to invest in the development of new business methods. Hazel V. J. Moir (in 'Pharmaceutical Patents and Evergreening') concludes this section by exploring how pharmaceutical companies claim patents on insignificantly inventive modifications to drugs to delay generic competition in the market.

Part II turns to culture and entertainment. Once again, some chapters consider newly added investment-driven rights, while other chapters consider investment-driven extensions to old rights. In the former category, Stavroula Karapapa (in 'The Press Publishers' Right under EU Law: Rewarding Investment through Intellectual Property') explores the rationale and history of the *sui generis* press publishers' right created by the EU Directive on the Digital Single Market. In the latter camp, Rita Matulionyte (in 'Copyright in Published Editions: What Lessons Does It Teach Us?'), Enrico Bonadio (in 'Protecting Sound Recordings: Between Investments and Creativity'), and Bryan Khan (in 'Copyright in Broadcast Transmissions and the Investment-Protection Rationale') explore what British copyright lawyers call the 'entrepreneurial works', that is, unoriginal works which enjoy copyright protection (or related rights protection). Meanwhile, Patrick Masiyakurima (in 'Copyright Protection of Previously Unpublished Works') and Ayoyemi Lawal-Arowolo (in 'Cinematographic Works and Copyright in Nollywood: The Cog in the Wheel of Creativity and Originality') illustrate how copyright is frequently used not to encourage creativity, but to encourage investments into publication and dissemination.

Part III analyses investment-driven IP rights in relation to signs, symbols and designs. The contributions to this part explore how recent extensions to trademark rights encourage investment in businesses and goodwill. Lord Justice Richard Arnold (in 'The Investment Function of Trademarks') pins down the nature of the 'investment function' and what it means for comparative advertising and debranding. Much like Suthersanen, Ilanah Fhima (in 'The Protection of Well-Known Trade Marks as a Way to Protect Investment?') reminds us that IP is a pluralist concept through an examination of European dilution law. While the protection of investments is a common theme in this area, there can be no single normative basis for such an expansive power. Meanwhile, Arul George Scaria and Varsha Jhavar (in 'Ambush Marketing and Protection of Investments') consider how a range of IP rights protect the investments necessary to bring about major sporting events, and Andrea Zappalaglio (in 'EU Geographical Indications and the Protection of Producers and Their Investments') consider the *sui generis* protection of geographical indications. Penultimately, in a helpful counter-thesis, Phillip Johnson (in 'Design Right: From Investment to Creativity for "Industrial Copyright"') explains how the British design right was born out of a desire to protect investments, but over time has gradually become more

focused on creativity. One wonders what causes some rights to abandon investment-driven concerns, when others move in the opposite direction.

Finally, Patrick Goold (in 'The Philosophical Foundations of Investment-Driven IP: Reason, Faith, and Pluralism') concludes by evaluating the philosophical arguments underpinning investment-driven IP rights and reflecting on what the growth of investment-driven IP in the Information Age tells us about contemporary IP.