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Evaluating Mistakes in Intellectual Property Law: Configuring the System to Account for Imperfection

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EVALUATING MISTAKES IN INTELLECTUAL PROPERTY LAW:
CONFIGURING THE SYSTEM TO ACCOUNT
FOR IMPERFECTION

by
Maureen A. O'Rourke*

In this Essay, the author argues that in assessing the performance of the intellectual property laws, it is useful to conceive of intellectual property law as a system comprised of both interacting decision-makers and other sets of law. Those decision-makers include Congress, the PTO, and courts, and the other relevant laws include antitrust and contract. The author reviews the major intellectual property statutes, illustrating ways in which different institutions may be situated to correct the errors of another and how antitrust and contract also can work to correct errors in the scope of protection. The Essay concludes by arguing that the real challenge for the future is to formulate a consistent theoretical paradigm to guide institutions in decision-making and reduce the probability and cost of mistakes.

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I. INTRODUCTION

It is no accident that the turn of the century is also likely to mark a turning point in intellectual property law. The advanced technology of the late twentieth century is challenging the intellectual property system as traditionally conceived and justified. In recent years, particularly as digital technology has become ubiquitous, Congress, the Patent and Trade-

* Professor of Law, Boston University School of Law. Thanks to Lydia Loren for inviting me to participate in the Fifth Annual Lewis & Clark Law Forum, *Intellectual Property in the New Millennium; Keeping Pace with Change*, October 1, 1999.

mark Office (PTO), and courts have grappled with the questions of whether and how to protect new forms of intellectual work products. While it is certainly always appropriate to assess both the content of public policy and institutional performance in advancing that policy, it is particularly important to do so now. Decision-makers today are shaping the law that will provide the backdrop against which twenty-first century advances will or will not occur. It is worthwhile to consider whether their performance might be improved by reevaluating the role of intellectual property in furthering innovation as well as its place within the broader legal framework of both public and private law.

This inquiry is necessarily complex, at least in part because commentators apply different metrics for evaluating performance, reflecting their diverse beliefs about exactly what the purpose of the intellectual property system is. Yet, regardless of what theoretical justification one selects, it would not be surprising to find that the system only approximates it in practical implementation. A perfect intellectual property system in which no decision-maker ever errs would be prohibitively expensive. Thus, the fact that the system may not always accord the appropriate scope of protection within a particular theoretical paradigm is not facially a cause for undue concern since it cannot reasonably be expected to do so. The real question is whether cost-effective measures exist that one or more institutions could adopt to increase the probability that the overall system will more perfectly reflect its theoretical underpinnings, however defined. If such measures *do* exist, then a failure to implement them is inefficient and a “mistake,” in this Essay’s terminology.

Another, different type of error occurs when decision-makers apply an appropriate law incorrectly. For example, even if Congress were to adopt a statutory scheme that reflected the social optimum, that level still may not be attained if the PTO and courts err in interpreting and applying the legislation. This suggests that ongoing systematic evaluation of decision-makers’ performance is also advisable in assessing whether institutions are moving the system closer to or further from the socially desirable state.

Further, the intellectual property system is not monolithic. It is part of a larger system of law that also influences whether the ultimate outcome is one of awarding intellectual work products the appropriate scope of rights. In particular, the public law of antitrust and private law of contract both often operate to adjust the scope of the federal right. Therefore, any evaluation of the intellectual property scheme must also consider how this broader context impacts its ability to reach its underlying policy goals.

This Essay briefly considers parts of these issues, using particular (but by no means exclusive) examples from each of the major intellectual property disciplines to illuminate the discussion. After a brief overview of the system and its theoretical underpinnings, this Essay begins with copyright, contending that recent amendments to the Copyright Act depart

from the widely accepted utilitarian paradigm that justifies the grant of copyright rights. It suggests that Congress should revisit its recent legislation but also points out that because courts have a variety of copyright doctrines available to them to fine-tune the scope of the statutory rights, they may be able to correct many of Congress's errors. As a general matter then, congressional errors—particularly when reflected in legislative standards rather than rules—may not be excessively costly in copyright law so long as the judiciary acts appropriately in applying scope-limiting doctrines.

Patent law may present a different picture. Patent law uses the PTO as an intermediary between Congress and the courts to evaluate particular inventions for consistency with statutory standards. But if the PTO is set up in a manner that encourages examiners to issue patents on inventions that do not meet the statutory standards, the courts will have to be doubly vigilant in reassessing PTO decisions. Yet patent law is less accommodating of *ex post* judicial fine-tuning of rights than copyright. This Essay argues that a patent doctrine of fair use informed by its copyright counterpart could make error correction by the courts more likely while also providing them with a principled way to deal with new issues such as ensuring competition in the software and biotechnology industries.

Finally, in trademark law, this Essay argues that both Congress and the courts have made mistakes by increasingly according marks property right status in themselves rather than in association with the goods or services to which they relate. Trademark law highlights the fact that courts should exercise care in applying existing law and adapting it to new technologies, and Congress should consider providing additional guidance to them.

In its latter parts, this Essay considers how antitrust and contract law factor in to the intellectual property system. The courts' use of antitrust law to limit a right owner's ability to misuse market power obtained through the exercise of an intellectual property right may increasingly shape parties' expectations regarding the scope of their rights. In the private law arena, the manner in which courts address contractual provisions that create private schemes of intellectual property protection will prominently influence whether and how the intellectual property statutes achieve their underlying goals. In both cases, these sets of laws can help to account for intellectual property's failures to implement the socially optimal level of protection.

II. AN OVERVIEW OF THE INTELLECTUAL PROPERTY SYSTEM

Commentators have offered a number of different theoretical models that support the grant of intellectual property rights. Professor William Fisher has summarized the historical models as: (i) the Lockean labor-desert theory, emphasizing the natural right of a person to the results of his or her labor; (ii) the utilitarian philosophy, stressing that the system should be designed to achieve the greatest good for the greatest

number; (iii) the self-actualization personality theory, advocating the design of a set of entitlements most conducive to human flourishing; and (iv) proprietary or social planning theory, arguing that property rights should be shaped to encourage the attainment of a just culture.¹ Obviously, each approach emphasizes different considerations, but they do tend to blur and overlap. At any given time, the relevant decision-maker may emphasize one particular strand of thought, although Congress, the PTO, and courts tend seldom to clearly articulate what theory is informing a policy choice. This shifting confluence of theories and their application makes it difficult to evaluate the system's performance in a rigorous analytical manner.

Without a categorical classification of what theories or combinations of philosophies underlie the grant of intellectual property rights in particular works, it is virtually impossible to accurately assess the system's performance. However, at least in American law, the leading theory probably still continues to be a utilitarian one. This perspective emphasizes the need to provide incentives to the firstcomer to create while maintaining a viable public domain from which secondcomers may draw in improving and building on the original work. The social optimum then might be defined as the level of protection that provides the creator with just enough incentive to invest while dedicating to the public sufficient information from which further progress may result. The intellectual property system adopts a multi-layered approach in attempting to implement the social optimum in a cost-effective manner.

The first institution that assesses the desirability and scope of protection in light of the utilitarian paradigm is, of course, Congress. Certainly over the years, that institution has expanded protection by bringing more works within the purview of the intellectual property acts and strengthening the rights themselves. Without more, though, such as an evaluation of the starting point from which Congress made such changes, it is difficult to conclude that the present state is one of over- or under-protection in the aggregate. Adding to the difficulty of evaluating congressional performance is the fact that the legislation contains relatively few bright-line rules. Rather, it emphasizes vague standards that are given more specific content by another decision-maker such as the PTO or the courts. In part, the legislators' use of standards is driven by the need for flexibility. Technology changes rapidly, bringing new works of authorship and new inventions to the market. Moreover, the market itself is dynamic, making it even less advisable for Congress to enshrine static definitions of statutory subject matter and the corresponding rights. This suggests that the most profitable evaluation of Congress might focus on whether the bright-line rules that it enacts are correct, and whether the standards it

¹ See William W. Fisher III, *Property and Contract on the Internet*, 73 CHI-KENT L. REV. 1203, 1214 (1998).

provides are capable of sensible application and reflective of the appropriate theoretical underpinnings.

Further, because of the legislative drafting style, both the PTO and courts are primarily charged with the task of tailoring protection to reflect the social optimum. The PTO, in the case of patents and trademarks, performs primarily an *ex ante* sorting function, deciding which inventions and marks qualify for statutory benefits. The courts act in more of an *ex post* capacity, although they do also review the sorting decisions of the PTO, deciding concrete disputes when more information is available about the particular industry and right at issue. In evaluating these decision-makers, it may be helpful to consider institutional features that may lead to some errors being more common than others. For example, the PTO compensation system may encourage examiners to issue patents regardless of validity, suggesting that the PTO may err on the side of overprotection.² Institutionally, the courts are unlikely to reflect a systematic skewing toward under- or over-protection although intellectual property plaintiffs tend to be rather sympathetic and the statutes set up certain presumptions from which they benefit.³ Perhaps the best way to evaluate the courts is to consider whether they have the appropriate doctrinal tailoring tools available to them and whether their exercise of those tools is consistent with utilitarian theory, particularly in areas involving new technology.

Not surprisingly, the net result is a system in which court precedent interpreting the legislation and reviewing the decisions of the PTO provides more precise content to the statutory standards. To the extent that one decision-maker in the process errs, the mistake may be less costly because another institution may be well situated to correct it. For example, the courts often correct the errors of the PTO and fine-tune protection to an appropriate level. This provides right-holders with a set of expectations regarding the scope of their rights. In turn, these expectations help to define a right-holder's strategy in exploiting its intellectual property—whether to use it at all and, if so, whether to do so in-house or by licensing others. From a social perspective, the precedent provides the public with an analogous set of expectations regarding the scope of *its*

² See Robert P. Merges, *As Many as Six Impossible Patents Before Breakfast: Property Rights for Business Concepts and Patent System Reform*, 14 BERKELEY TECH. L.J. 577, 609 (1999) (“The current bonus system is believed to skew incentives in favor of granting patents.”).

³ See, e.g., 15 U.S.C. § 1057(b) (1994) (“A certificate of registration of a mark . . . shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark”); see also 15 U.S.C. § 1065 (setting forth conditions under which a mark becomes incontestable); 17 U.S.C. § 410(c) (1994) (“In any judicial proceedings the certificate of a [copyright] registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate.”); 35 U.S.C. § 282 (1994) (“A patent shall be presumed valid.”).

rights by delineating protected information from that which belongs to the public domain. At the same time, while the courts generally are the decision-makers of last resort, Congress stands ready to step in and correct their miscues. This entire system provides the backdrop against which to measure performance in a utilitarian paradigm.

III. COPYRIGHT LAW

Nineteen ninety-eight proved to be an interesting year for the Copyright Act. The ongoing development and improvement of technology that allows entities to make quick, cheap, and easy copies without any degradation in quality from the original continued to challenge the incentive scheme of the copyright system. At the same time, copyright owners from the "low-tech" era, including Walt Disney, began to express concern about their creations passing into the public domain.⁴ Toward the end of 1998, Congress enacted the Digital Millennium Copyright Act (DMCA)⁵ to address at least in part the first of these concerns, and the Sonny Bono Copyright Term Extension Act⁶ to deal with the latter. At least some segments of the DMCA and the Bono Act provide illustrations of how Congress may have departed from the utilitarian paradigm.

The DMCA broadly prohibits both circumvention of technological measures that control access to copyrighted works⁷ and trafficking in devices that would allow such circumvention.⁸ At the same time, Congress, recognizing that there may be a significant number of occasions in which circumvention would be socially desirable, provided for a study period of two years before the circumvention ban takes effect.⁹ Additionally, it provided certain exemptions, authorizing circumvention in some

⁴ See E. Scott Johnson, *Law Gives Copyrights New Life*, NAT'L L.J., Feb. 8, 1999, at C12 (noting that large companies owning copyrights in older, still valuable works, such as Time Warner and Disney, were "strong proponents of [] legislation" increasing copyright terms).

⁵ Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in various sections of the Copyright Act and title 28 U.S.C.).

⁶ Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified as amended in various sections of the Copyright Act).

⁷ 17 U.S.C. § 1201(a)(1)(A) (Supp. IV 1998) ("No person shall circumvent a technological measure that effectively controls access to a work protected under this title.").

⁸ *Id.* § 1201(a)(2) ("No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology . . . that (A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title."). See also *id.* § 1201(b)(1) (similarly banning trafficking in devices designed to circumvent technology protecting any right of a copyright owner).

⁹ *Id.* § 1201(a)(1)(A)-(E) (authorizing the Register of Copyrights to recommend the Librarian of Congress to study the impact of the anti-circumvention provisions on users of copyrighted works, to publish a list of those copyrighted works for which noninfringing uses may be adversely affected, and to exempt such works from the anti-circumvention provisions for a period of time).

cases.¹⁰ Facially this approach seems in line with the utilitarian paradigm as it seeks to balance the rights of copyright owners and the public.

However, the DMCA contains some anomalies. For example, while the ban on circumvention will not take effect for two years, the ban on trafficking took effect immediately.¹¹ That same trafficking ban is likely also to eviscerate the ability of others, besides the copyright owner, to circumvent technological measures in situations that *are* authorized by the Act. In other words, the trafficking ban undercuts the permitted uses, making the public's right to engage in those uses rather hollow, potentially upsetting the utilitarian balance between the rights of copyright owners and those of the public.

The obvious and preferable solution would be for Congress to reassess the DMCA and clarify its inconsistencies. In the absence of congressional action, the task of ensuring the appropriate balance will rest with the courts. Different courts could reach varying results, but rules of statutory interpretation coupled with the utilitarian underpinnings of copyright may make a judicial narrowing of the seemingly inconsistent Act a viable short-term solution.¹² Thus, the judiciary can help to restore the utilitarian balance that Congress has perhaps unwittingly disregarded. In turn, the Bono Act provides an even clearer example of how courts can mitigate congressional errors by applying scope-defining doctrines.

The intellectual property system is not costless, as its infrastructure relies on the expenditure of both private and public funds to remain in operation. In a utilitarian paradigm these costs should not be incurred if works would be created in the absence of intellectual property protection. The Bono Act extended the period of protection for works created before 1978 from seventy-five to ninety-five years.¹³ For works created in 1978 or after, the Act extended the term from life of the author plus fifty years to life of the author plus seventy.¹⁴ Obviously, already existing works did not require the incentive of an additional twenty years' protection for

¹⁰ *Id.* § 1201(d)-(g) (providing certain shelters from the anti-circumvention provisions for libraries, educational institutions, law enforcement, reverse engineering, and encryption research).

¹¹ *Id.* § 1201(a)(1)(A) ("The prohibition contained in the preceding sentence shall take effect at the end of the 2-year period beginning on the date of the enactment of this chapter."); *Id.* § 1201(a)(2).

¹² See Pamela Samuelson, *Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to Be Revised*, 14 BERKELEY TECH. L.J. 519, 537-57 (1999) (discussing how courts can narrow the application of the DMCA to arrive at appropriate results, but noting that Congress should have delegated more discretion to the courts "so that [they] will not have to thrash to reach appropriate results").

¹³ 17 U.S.C. § 304(b) (Supp. IV 1998) ("Any copyright still in its renewal term at the time that the Sonny Bono Copyright Term Extension Act becomes effective shall have a copyright term of 95 years from the date copyright was originally secured.").

¹⁴ *Id.* at § 302(a) ("Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and 70 years after the author's death.").

their production. Those copyright owners now receive the benefit of an additional unanticipated twenty years during which they may extract rents while the public bears the cost of waiting those extra years for protected works to pass into the public domain. This change facially does not seem to be in accord with the utilitarian paradigm.¹⁵

Perhaps lengthening the copyright term for pre-existing works would be justifiable if it were in accord with one of the other theories that could support the grant of intellectual property rights. However, it is difficult to see how any theory could justify increasing protection for works that were created under the earlier bargain of life plus fifty years.

While this change does seem inadvisable, does it necessarily translate into large costs for the public? Perhaps not. Courts in copyright cases have an array of doctrines available—from the idea/expression dichotomy to merger to *scènes à faire* to fair use—that allow them to fine-tune the scope of the right. Moreover, at least some of these doctrines, particularly fair use, tend to be time-sensitive, allowing more use of information if relevant market indicators demonstrate that competition would be enhanced by permitting certain uses to proceed.

Court-applied, scope-limiting doctrines do make the contours of the copyright right less certain. If one believes that Congress has acted in accordance with the utilitarian paradigm, then oft-exercised judicial discretion may be undesirable because uncertainty regarding scope may increase the cost of licensing negotiations. The reality that Congress does err, though, suggests that these scope-limiting doctrines perform a useful function by helping to move the system closer to the social optimum if correctly applied. The higher costs attributable to uncertainty regarding the right's scope may be more than offset by the social benefit of improving the system's performance.

IV. PATENT LAW

Despite the fact that patent law and copyright law share the same theoretical underpinnings and overarching goals, patent generally accommodates less *ex post* fine-tuning of the statutory right than copy-

¹⁵ See Affidavit of Hal R. Varian, ¶ 4, 12, *Edred v. Reno* (No. 1:99CV00065 JLG), available at <<http://cyber.law.harvard.edu/eldredvreno/varian.pdf>> (last modified July 7, 1999).

In my opinion, there is no economic rationale for applying copyright extension to pre-existing works. The incentives to produce these works are those that existed at the time of creation. If these incentives were deemed adequate at the time, there is no additional social benefit from extending them retrospectively. . . . If the work is already created, then there is no incentive effect at all from lengthening the term of protection. . . . No matter how long we extend the copyright term, we won't get any more works produced by Charles Dickens. *Id.* The lawsuit challenging the term extension on constitutional grounds was dismissed on the pleadings. See *Eldred v. Reno*, 74 F. Supp. 2d 1 (D.D.C. 1999) (holding extension did not violate the First Amendment, copyright clause or Public Trust doctrine).

right. Since the preceding has established that doctrinal fine-tuning tools can perform a useful role in copyright law, it is worthwhile to consider whether patent law also contains appropriate limiting doctrines.

New technology, particularly in software and biotechnology, has presented challenges for the existing patent system. While Congress has made some changes to the Patent Act, the institution on the forefront of patent policy for high technology has been the PTO. As an institutional matter, as Professor Merges notes, the PTO is likely to err on the side of issuing rather than denying patents.¹⁶ Not all patents are litigated. Thus, some invalid patents overhang the market, skewing both the distribution and allocation of wealth. Further, even where a patent is valid, a court might sometimes find it socially desirable to excuse a certain amount of infringement. The question is whether existing doctrinal tools provide courts with enough leeway both to account for the PTO's institutional bias and to balance the interest of the public domain against the exclusive rights of patentees who hold valid patents.

Currently, patentees know that they face three possible outcomes in any litigation: a holding that the patent is (i) valid and infringed, (ii) valid but not infringed, or (iii) invalid. The probability of each of these outcomes influences licensing negotiations. If a court had the option to add a fourth outcome by holding a patent infringed but the infringement excused, the patentees' rights would become less certain, potentially decreasing the cost of the invalid patents issued by the PTO. Courts faced with the patent presumption of validity may be reluctant to hold patents invalid in an all-or-nothing decision. A finding that excuses infringement offers courts another option that would allow them to introduce public policy concerns into the equation.

Currently, few doctrines in patent law allow a court to excuse infringement. The experimental use doctrine, patent misuse, and the reverse doctrine of equivalents are all quite limited. The question is whether patent law could adopt some cost-effective doctrine that would allow courts to excuse infringement and thereby help to decrease the cost of invalid patents.

Clearly, the most cost-effective measure for reducing the cost of invalid patents would be to reform the PTO to more clearly tailor incentives to encourage the issuance of valid patents. A doctrine that allows a court to excuse infringement might theoretically decrease the cost of invalid patents, but that result seems quite speculative. Moreover, such a doctrine may be potentially harmful by decreasing the value of *valid* patents. For such a doctrine to make sense, there should be a much firmer basis on which it may rest.

One place to begin is by analogy to copyright law. For many years, fair use has helped to police copyright's scope by excusing a certain amount of infringement when socially beneficial. A similar doctrine in

¹⁶ See Merges, *supra* note 2.

patent law might prove useful, particularly in dealing with new technology.

For example, patents on the functional aspects of software may confer a strong competitive advantage on the patentee who owns a patented interface that becomes a standard. A limited fair use defense that safeguards the original patentee's incentives may give both vertical and horizontal competitors¹⁷ the ability to enter the market, expanding competition in both research and development and the product market as well as in the markets for goods compatible with the patented product.

In the biotech area, a limited fair use defense might help to overcome logjams resulting from the splintering of rights. In copyright law, one of the justifications for fair use is that there are occasions when transaction costs are so high as to prevent socially beneficial licensing from taking place. To the extent that the same is occurring in biotechnology, patent law may find it useful to adopt a fair-use-type approach to excuse a certain amount of socially beneficial infringement.

A full exploration of a patent fair use defense is beyond the scope of this Essay.¹⁸ The point to keep in mind is that it may be time to re-examine the differing incentive schemes of patent and copyright, particularly for technologies that straddle the borders of the two sets of laws. It may be useful to adapt existing doctrines in one model to use in the other if such a change could be institutionally achieved in a cost-effective manner. Fair use is simply one possible example. However, certainly for any doctrinal adjustment to be successful, it must be capable of correct application by the courts.

V. TRADEMARK LAW

There is little doubt that over time trademark law has moved away from its traditional role of protecting consumers from confusion and more toward protecting property rights in the mark itself. Somewhat surprisingly, this change has been driven not so much by new legislation but by judicial decisions. The question is whether the courts have erred in applying statutory language expansively, departing from the utilitarian paradigm, and moving toward one that overprotects trademarks relative to the social optimum.

Professor Glynn Lunney has thoughtfully chronicled how courts have departed from congressional intent in granting ever more expansive

¹⁷ Horizontal competitors are those in direct competition, such as two PC operating system providers. Vertical competitors, by contrast, compete in the market for connecting products. For example, Microsoft's Word for Windows and WordPerfect for Windows are vertically compatible with the underlying Windows operating system and compete with each other in the applications software market.

¹⁸ For a more complete explanation of the rationale and formulation of a fair use defense, see Maureen A. O'Rourke, *Towards a Doctrine of Fair Use in Patent Law*, 100 COLUM. L. REV. (forthcoming 2000).

trademark protection.¹⁹ As he notes, costs associated with granting property rights in trademarks seem to move the system further from the utilitarian social optimum rather than closer to it. While there are many conventional examples of this phenomenon, it is also apparent in the high-tech world of cyberspace.

Courts have stretched the commercial use requirement²⁰ to hold cybersquatters liable for either trademark infringement or dilution or both. While decisions are not uniform, some courts have held that reserving but not using a domain name constitutes a commercial use if the domain name owner intends to sell it.²¹ Others have held that any use, however non-commercial in a lay sense, is commercial when conducted on the Internet.²² As Professor Mark Lemley notes, cybersquatters may not be particularly sympathetic defendants, but watering down the commercial use requirement may set a dangerous precedent: "The cybersquatter precedents are already being used by trademark owners to take domain names away from arguably legitimate users, such as people who want to register their last names as Internet domains and those who build a 'gripe site' to complain about a specific product or company."²³ The potential also certainly exists for expansive definitions of commercial use to work mischief in traditional "low-tech" trademark cases.

Congress has passed an amendment to the Lanham Act that directly addresses cybersquatting,²⁴ eliminating the need for the courts to contort conventional requirements to achieve the ostensibly desirable result. However, this change, in addition to already enacted legislation, demonstrates that Congress has not yet focused on reining in expansive, property-based judicial interpretations of trademark law.

The cybersquatting amendment allows a civil action to be maintained against one who registers a domain name that dilutes a trademark.²⁵ Other legislation provides that dilution may form the basis for

¹⁹ Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 373-420 (1999).

²⁰ Note that section 32 of the Lanham Act refers to "commercial use" in the context of infringement (15 U.S.C. § 1114 (1994)), while section 43(c) refers to "commercial use in commerce" in the context of dilution (*Id.* § 1125).

²¹ See, e.g., *Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1324-26 (9th Cir. 1998); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996). *But see* *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 957 (C.D. Cal. 1997) (stating that Network Solutions, the domain name registrar, did not engage in a use in commerce by issuing domain names for a fee), *aff'd on other grounds*, 194 F.3d 980 (9th Cir. 1999).

²² See, e.g., *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 309 (D.N.J. 1998); *Planned Parenthood Fed'n of Am. v. Bucci*, No. 97 Civ. 0629 (KMW), 1997 WL 133313 (S.D.N.Y. March 24, 1997).

²³ Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1703 (1999) (citations omitted).

²⁴ Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, § 3000, 113 Stat. 1501, 1537 (1999).

²⁵ *Id.* § 3002(a).

opposition to or cancellation of registration.²⁶ While a statutory cause of action in dilution is available only for “famous” marks, the courts have been quite willing both to avoid critically analyzing that requirement and to interpret it to include marks of dubious fame.²⁷ Further, the conduct that constitutes “dilution” seems to encompass any conduct that arguably seems to free-ride in some way on the famous mark owner’s goodwill. The net effect may be that courts, with their expansive definitions of dilution, will transform the Principal Register into an index only of “famous” marks.

While copyright helps to demonstrate that flexible doctrines may help the judiciary correct mistakes of prior decision-makers, and patent shows that the absence of such doctrines may make error correction less likely, the moral of the trademark story is that the same types of vague standards can also introduce errors of their own if misapplied by the courts. The key in such cases is for Congress to exercise its power to correct errors on the part of the judiciary. Whether Congress has the political will to do so is another matter. The point is that the system is designed to include checks and balances by assigning different tasks to decision-makers along the way, circling back to the beginning, and closing the loop of error correction. Yet the intellectual property system is by no means a closed one. Thus, evaluating its overall performance requires an assessment of how other sets of laws affect it.

VI. PLACING INTELLECTUAL PROPERTY LAW IN THE BROADER LEGAL CONTEXT

Because intellectual property law operates within the wider legal framework of public and private law, policymakers need not rely solely on it to implement the social optimum. Rather, to the extent that other bodies of law function to fine-tune the scope of intellectual property rights, the need for correcting mistakes within the intellectual property system itself may decline. Two obvious areas of law that affect the actual contours of intellectual property rights are the public law of antitrust and the private law of contract.

The recent litigation involving Microsoft and Intel raises the issue of whether antitrust law may somehow limit the terms under which a monopolist licenses its intellectual property and whether it may, in some circumstances, have a duty to license. It is black letter law that an intellectual property right does not insulate its owner from antitrust liability.²⁸ The common law doctrines of copyright and patent misuse, which are

²⁶ See Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218.

²⁷ See Lemley, *supra* note 23, at 1698-99.

²⁸ See, e.g., *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1185 n. 63 (1st Cir. 1994) (“It is in any event well settled that concerted and contractual behavior that threatens competition is not immune from antitrust inquiry simply because it involves the exercise of copyright privileges.”).

closely allied to antitrust, have always recognized that the law must be vigilant in policing the anti-competitive excesses of intellectual property owners. The more interesting question is whether antitrust functions as an independent limit on intellectual property law. In the absence of other anti-competitive conduct, can a monopolist violate the antitrust laws simply by asserting its intellectual property rights?

Traditionally, the answer has been no, but that may change. For example, assume that Microsoft has a patent on its Windows application programming interface. Can that interface become an essential facility to which Microsoft must grant access despite its intellectual property right to exclude?

By imposing duties to deal and regulating the terms of those deals, antitrust law can significantly affect the value of an intellectual property right, because right owners must consider its limitations in conducting their business activities. Antitrust can also limit the scope of a right and could correct some cases in which the intellectual property system has erred by granting rights that are too broad.

The question is whether this is an appropriate role for antitrust law. It is likely to be less sensitive to the balance that intellectual property has struck, and its remedies can be quite severe, extending all the way to structural relief. The real warning for intellectual property law may be that unless it can police its own house, antitrust will step in and perform that function, potentially introducing unanticipated incentive effects.

While antitrust law may limit the exercise of intellectual property rights, contract law may do the opposite. In two-party agreements, the licensor and licensee may agree to terms that are more or less restrictive or co-extensive with the rights intellectual property would accord the particular information. Contracts that provide the licensee with the same or broader rights than it would have under intellectual property law seem rather innocuous (although possibly indicative of overprotection), but those that place restrictions on information that the public law would not raise the issue of federal preemption.

The fact that the intellectual property system does not routinely grant the socially optimal level of protection can help to inform the preemption decision. For example, if the intellectual property statutes underprotect particular types of information, contracts that are more restrictive than the public law may function to correct its errors. On the other hand, if the particular information is likely to be overprotected, additional contractual restrictions may, in some circumstances, be socially costly and better candidates for preemption. The point is that the preemption inquiry needs to be sensitive to the fact that contract law can perform a useful function by allowing parties to correct the mistakes of intellectual property law.

VII. CONCLUSION

It is not surprising that all decision-makers in the intellectual property system have, at one time or another, deviated from the utilitarian paradigm. The manner in which these deviations occur may color one's perceptions regarding what corrective measures should be taken, if any. Certainly one task for policymakers at the turn of the century is to assess whether institutional changes are desirable.

Yet this may obscure an even deeper question. This Essay has argued that institutions have departed from the utilitarian paradigm underlying the grant of intellectual property rights. But what of other models? For example, on the Internet, it may be that the utilitarian paradigm should apply to commercial information, the self-actualization theory to personal web sites and the social planning theory to information related to political debates. Will the same rules work in each of these "zones"?

At the end of the twentieth century, then, the task at hand is thoughtfully to re-examine policy, particularly in light of technology that threatens to render legal solutions obsolete. No one theoretical paradigm adequately captures all of the policy interests that intellectual property law serves. The most challenging task is to develop an integrated vision for the "information age" that reflects real societal choices. In turn, these choices may translate into a coherent intellectual property system. At the end of the day, it may be the case that of the many reasons for institutional failure, the most serious is our own inability adequately to articulate and agree on a theoretical paradigm that could guide institutions in their decisionmaking.