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What is Owed: Obligation's Relevance in Property and Intellectual Property Theory

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WHAT IS OWED: OBLIGATION'S RELEVANCE IN PROPERTY AND INTELLECTUAL PROPERTY THEORY

By Kali Murray[†]

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I. INTRODUCTION

After a period of intense skepticism,¹ intellectual property scholars have once again embraced a theoretical kinship between property law and intellectual property law. These scholars assert that property theory has relevance for intellectual property theory, despite concerns over the rhetorical power of denominating trademarks, copyrights, and patent as property would potentially limit the ability of the intellectual property goods to serve a range of political, social, or competitive goals within a society.² Intellectual property scholars, however, have increasingly claimed that the doctrinal commitments of property law not only offer a way to promote the interests of property holders, but can also be used to address the ability to achieve the balance sought between the property owner and the rights of impacted users. For example, David Fagundes has asserted that clearly demarcated copyright entitlements help to preserve the public domain by giving users notice as to the limits of a granted right.³ Likewise, Madhavi

[†] Associate Professor of Law, Marquette University Law School. I would like to thank Timothy Mulvaney and Peter Gerhart for the opportunity to participate in this Symposium. I would like to thank Ariel Dade for her research assistance.

1. See, e.g., Mark Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1032 (2005) (the treatment of “intellectual property” as “just like” real property is a mistake); James Boyle, *The Second Enclosure Movement and the Construction of the Public Domain*, 66 SPG LAW & CONTEMP. PROBS., 33, 37(2003) (“We are in the middle of a second enclosure movement. It sounds grandiloquent to call it ‘the enclosure of the intangible commons of the mind,’ but in a very real sense that is just what it is. True, the new state-created property rights may be ‘intellectual’ rather than ‘real,’ but once again things that were formerly thought of as either common property or uncommodifiable are being covered with new, or newly extended, property rights.”).

2. See, e.g., Jeanne C. Fromer, *Expressive Incentive in Intellectual Property*, 98 VA. L. REV. 1745 (2012) (arguing that copyright and patent in the United States are founded on utilitarian notions of providing limited incentives to create socially valuable works).

3. David Fagundes, *Crystals in the Public Domain*, 50 B.C. L. REV. 1, 16 (2009); see also David Fagundes, *Property Rhetoric and the Public Domain*, 94 MINN. L. REV. (2010) (arguing that the use of physical property rhetoric to suggest that public do-

Sunder has contended that recovering the theoretical kinship between property law and intellectual property law would help intellectual property law to re-orient itself toward a normative plurality that would stress intellectual property's ability to support social goods such as the production of creative works, the formation of human association, and the equal participation in property decision making.⁴

Ultimately, this scholarship is useful in its stress on one simple claim: if we recognize that intellectual property is after all, *property*, this recognition does not automatically preclude judicial, legislative, and administrative consideration of social, political, and competitive harms that may arise from individual intellectual property owners' right to use, exclude, and transfer a patent, copyright, trade secret, or trademark. In fact, this rich scholarship suggests that adopting the framework of property law does not restrict us only to a reductive debate over the scope of the intellectual property owners' rights, but permits the consideration of social, political, and competitive impacts of designating certain information as intellectual property.

The subject of this symposium, Peter Gerhart's masterful *Property and Social Morality*,⁵ offers us another innovative way to contemplate the relationship between property law and intellectual property law. *Property and Social Morality* is an important work because of the centrality that Gerhart places on the social obligation of the property owner to act as a responsible decision maker as to the burdens and benefits associated with property ownership in a relevant social context.⁶ By articulating the importance of obligation as central to property ownership, Gerhart helps us to articulate the source of limits that can be placed on a property owner. Thus, Gerhart considers, in his words, what we owe each other, as central to a functional property law. His work, therefore, offer us lessons on how to think usefully about both the rights and responsibilities of the property owner in different property categories.

This Essay explores how Gerhart's theory of social obligation in property law offers us an innovative way to characterize key theories in patent law. Consequently, throughout this Essay, I employ lessons from patent law that provide a concrete example of how obligations may work in various doctrinal subjects. Part I outlines the basic contours of Gerhart's theory of obligation. Part II outlines the three basic functions of obligation in property and intellectual property theory. It is hoped that this Essay will serve a substantive function by continuing

main should be explicitly portrayed as a common property in order to suggest equal responsibility of stewardship).

4. Madhavi Sunder, *FROM GOODS TO A GOOD LIFE: INTELLECTUAL PROPERTY AND GLOBAL JUSTICE* 8–10 (Yale Univ. Press 2012).

5. PETER M. GERHART, *PROPERTY LAW AND SOCIAL MORALITY* (Cambridge Univ. Press 2014).

6. *Id.* at 61.

the ongoing dialogue between property law and intellectual property law in ways that fully account for the public interests that accrue in both areas of the law.

II. OWNER OBLIGATION AND SOCIAL MORALITY

Peter Gerhart's *Property and Social Morality* offers a unified framework to resolve property conflicts between owners and competing social interests. Gerhart claims that property theory will achieve coherence "by focusing on the values that shape a system of property and that allowed the law to claim a system of moral action."⁷ Gerhart's unified framework, which he identifies as a theory of social morality, is based on four propositions.⁸

The first proposition is that the property owner acts as a constrained decision-maker; for Gerhart, the "essence of ownership is the right to make decisions about a resource, but that the decisions are constrained in their scope."⁹ The second proposition is that the constraints placed on the property owner emerge from community norms of recognition, what Gerhart terms the social recognition of property ownership.¹⁰ Social recognition, suggests Gerhart, occurs "through norms and laws, the interaction of the individuals shapes property rights and responsibilities in ways that reflect values important to the interacting individuals."¹¹ The third and fourth propositions offer more precision to the content of the owner's obligations to act appropriately within the relevant social context. The third proposition suggests that the best method for determining the scope of the property owner's decision-making authority is to ensure that the property owner engages in "other-regarding" decision-making that attends to others' wellbeing, in such a way, suggests the fourth proposition, that accounts for "an appropriate assignment of the burdens and benefits of their decisions, and that the assignment of burdens and benefits of decisions must follow the requirements of equal freedom."¹²

Broadly, Gerhart's four propositions suggest that property law reflects a normative commitment to reciprocity. Gerhart's four propositions suggest collectively that the property owner's decision-making capacity, emerges from a dialogical exchange between the property owner's rights to use, exclude and transfer and the property owner's defined social obligations. This normative commitment to reciprocity,

7. *Id.* at 4–5 ("By identifying a structured framework for organizing our thoughts about the values used to resolve disparate interest and claims, we unify our understanding across what would otherwise appear to be large chasms of conflicting ideas, while providing a structured basis for assessing the morality of the law.").

8. *Id.* at x.

9. *Id.* at 73.

10. GERHART, *supra* note 5, at 46.

11. *Id.* at 73.

12. *Id.* at 110, 130–31.

thus, acts to create meaning in the formal and informal dimensions of property law. Thus, Gerhart's four propositions work together to highlight a normative claim. The property owner, in his or her decision-making capacity, enjoys the right to exclude, use and transfer, but also has a corresponding obligation to exercise those rights in a manner that is consistent with the relevant social context. Gerhart, therefore, makes visible what often remains invisible in property theory: property regimes grant rights to property *and* impose duties on the property owner.

Gerhart's claim that the property owner's obligations are central to a functional property system is relevant to property and intellectual property theory for two key reasons. Initially, Gerhart's claim expands how we conceive of duty within the context of property theory. Duty is typically conceived in the property law system as a correlative entitlement a third party owes to the property owner. For example, in Wesley Hohfeld's theory of jural categorizations in property law if a legal right exists in X in a property claim, then a duty is owed by Y not to violate that right.¹³ Gerhart's four propositions, however, suggest an internalization of the obligations into the core of the property right itself. Thus, if a legal right exists in a property claim, then X owes Y a duty in the exercise of that right. While it appears that Gerhart's theory does not preclude the existence of a correlative right owed by Y, Gerhart's theory does, however, insist that X's obligations are necessarily relevant within any theoretical account.

Additionally, assessing the reciprocal obligations of the property owner as a normative matter permits consideration of when limits should be placed on the property owners' actions. Reciprocal obligation supposes that two types of harm might arise from the property owner's behavior: harm as applied to a specific party and harm as applied to the shared values within the relevant property system. Initially, assessing obligations may offer a simple way to understand when the property owner has acted in a manner that is harmful to a specific party. For example, in patent law, the doctrine of patent misuse permits recovery in those circumstances when the patent owner has acted in a manner that is harmful to a specific party. Recovery is contemplated, therefore, when the patent owner has acted to exclude products from the market that clearly do not infringe the relevant patent. The Court of Appeals for the Federal Circuit ("Federal Circuit")

13. Wesley Newcomb Hohfeld, *Some Fundamental Legal Conceptions As Applied in Judicial Reasoning*, 23 YALE L.J. 16, 32 (1913) ("In other words, if X has a right against Y that he shall stay off the former's land, the correlative (and equivalent) is that Y is under a duty toward X to stay off the place."); Shyamkrishna Balganesh, in *The Obligatory Structure of Copyright Law: Unbundling the Wrong of Copying* (arguing that copyright law reflects a standard correlative rights structure, which that suggests that "copyright law is rightly understood as a system that imposes duties on third-party"); Shyamkrishna Balganesh, in *The Obligatory Structure of Copyright Law: Unbundling the Wrong of Copying*, 125 HARV. L. REV. 1664, 1668 (2012).

in *C.R. Bard, Inc. v. M3 Sys.*,¹⁴ distinguished between patent misuse and related theories in antitrust law, thusly:

Patent misuse is viewed as a broader wrong than antitrust violation because of the economic power that may be derived from the patentee's right to exclude. Thus misuse may arise when the conditions of antitrust violation are not met. *The key inquiry is whether, by imposing conditions that derive their force from the patent, the patentee has impermissibly broadened the scope of the patent grant with anticompetitive effect.*¹⁵

This passage reveals that the harm contemplated by patent misuse arises from a failure of reciprocal obligation insofar that the patent owner has used the exclusive patent grant in a way that harms specific competitors, thus violating the norm of reciprocity. The granted right is the right to exclude others from the ability to make, use, or sell the patent; the obligation imposed is a duty not to use that exclusionary right in a competitively, harmful manner.

Likewise, assessing obligation also permits an assessment when the property owner's actions harm the shared social values of a property system. In this sense, Gerhart's recognition of shared social values is consistent with a related project of Abraham Drassinower in copyright theory.¹⁶ Both theories suggest that the internalization of obligation reflects the moral relationship of the owner to the systematic social concerns that animate the existence of the relevant property claim and its resulting rights.

Once again, patent law offers useful examples that help to demonstrate existing doctrinal obligations offer the ability to reflect shared values. For example, Section 112 of the Patent Act of 1952, as amended by the America Invents Act of 2011, places affirmative¹⁷ cat-

14. *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340 (Fed. Cir. 1998) (*emphasis added*).

15. *Id.* at 1372.

16. For instance, in discussing the relevance of the doctrine of originality within the context of the rights enjoyed by the property owner, Drassinower notes that:

Copyright law posits the formation of the right it grants through the doctrine of originality. Originality is a fundamental condition of copyright protection. Because it presides over the formation of the right, originality cannot help but demarcate the limits of the right. The doctrine of originality is thus inseparable from a distinction between copying and actionable copying. "Not all copying . . . is copyright infringement." Only copying of the plaintiff's originality is actionable. Because the defendant's duty not to copy is more specifically a duty not to copy the plaintiff's originality, the duty not to copy arises only on the basis of distinctions between copyrightable and uncopyrightable subject matter. The defendant's duty not to copy is thus neither the starting point nor the center of the copyright system. It is always already posited on the basis of distinctions made elsewhere.

Abraham Drassinower, *Copyright Is Not About Copying*, 125 HARV. L. REV. F. 108, 110–11 (2012).

17. Thus, in some respects, this affirmative set of obligations is stronger than internalized obligations, such as patent misuse discussed *supra*, as this affirmative obliga-

egorical duties on patentees' to disclose material information associated with the claimed invention. The disclosure requirements of Section 112 impose four basic requirements associated with disclosure including: (1) the requirement that the patent be enabled,¹⁸ (2) the requirement that the patent disclose the best mode,¹⁹ (3) the requirement that the patent disclose the contents of the invention fairly (commonly referred to as the written description requirement)²⁰; (4) the requirement that the patent disclose the claims with specificity (commonly referred to as the claim definiteness requirement).²¹ As I discuss elsewhere²², these disclosure obligations impose on the patentee ethical responsibilities "to speak clearly" and "to speak fairly" as to disclosed invention. This requirement, thus, reflects any number of shared values associated with this patent system. These shared values include the dissemination of information concerning discoveries and inventions²³, and the circulation of that information to a representative public that will rely on that information.²⁴ The obligation to disclose, therefore, offers a way to discuss the shared values of the patent system in information dissemination and information circulation.

III. THE FUNCTION OF OBLIGATION IN INTELLECTUAL PROPERTY AND PROPERTY LAW

Highlighting the property owner's duty—as equal to the property owner's right to exclude, use, and transfer—performs an important function in property and intellectual property theory in three ways.

tion has been directly placed on the property owner through democratically accountable actions.

18. 35 U.S.C. § 112(a) (2006) (requiring the inventor to disclose information "in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same").

19. *Id.* (requiring the inventor to "set forth the best mode contemplated by the inventor or joint inventor of carrying out the invention").

20. *Id.* (requiring that "the specification shall contain a written description of the invention").

21. *Id.* § 112(b) (requiring that "the specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention").

22. KALI MURRAY, *THE POLITICS OF PATENT LAW: CRAFTING THE PARTICIPATORY PATENT BARGAIN* 37–55 (2013) (assessing the role of ethical disclosure in the morality of patent law).

23. *Id.* at 37 (citing *Brenner v. Mason*, 383 U.S. 519, 533 (1966) ("[O]ne of the purposes of the patent system is to encourage dissemination of information concerning discoveries and inventions.")).

24. *Blanchard v. Sprague*, 3 Sumn. 535 (1839) (Story, J.) ("Patents for inventions are now treated as a just reward to ingenious men, and as highly beneficial to the public, not only by holding out suitable encouragements to genius and talents-and enterprise; but as ultimately securing to the whole community great advantages from the free communication of secrets, and processes, and machinery, which may be most important to all the great interests of society, to agriculture, to commerce and to manufactures, as well as to the cause of science and art.").

Initially, Gerhart's theory has specific resonance for patent law because of its insistence that the property owner is a relevant moral actor. Patent law has often had an incoherent approach to questions of its potential moral commitments, due to the specific use of product-specific morality in patent law. Product-specific morality occurs when the courts attempt to determine whether a potential invention should be considered to be protected subject-matter based solely on the content embodied in potential invention. For example, in *Juicy Whip, Inc., v. Orange Bang Inc.*,²⁵ which rejected the application of the common-law moral utility doctrine under the Patent Act of 1952, the Federal Circuit adhered rigidly to an inquiry whether the patent itself was moral.²⁶ The majority opinion authored by Judge Bryson emphasized that the utility requirement of Section 101 was satisfied when "one product can be altered to make it look like another" despite deceptive effects, this imitation has "utility" within the meaning of the patent statute, because "much of the value of such products resides in the fact that they appear to be something they are not."²⁷ *Juicy Whip* exemplifies how the treatment of an invention in isolation absolves legal decision-makers from contemplation of any ethical or moral challenges that may accompany a further determination. Indeed, Judge Bryson in *Juicy Whip* further emphasizes that other agencies besides the primary patent agency would be responsible for assessing the deceptive effects of patents.²⁸

Product-specific morality is useful for judicial, administrative, and legal decision makers because of the doctrine's apparent neutrality. Product-specific morality with its apparent neutrality may permit the decision-maker to mask, or even avoid the potential moral consequences associated with the granted patent. Product-specific morality, then, is a compromised vehicle for consideration of plural values that might be embodied within the grant of a patent, and at least in the United States, may explain the incoherence of the associated legal doctrines. Product-specific morality creates significant indeterminacy in exactly *why* a patent should not be granted in a given invention as the analysis fails to place a relevant inquiry into a contextual analysis of the social relations that produce the invention and provide for its use once granted.

Gerhart's theory of obligation suggests that while patent law does not need to replace product-specific morality, patent law also adopts another kind of morality, *actor-specific morality*. Actor-specific morality, at its core, recognizes that the patent owner's actions can also impact social relations between the inventor and respective scientific community, or between the inventor and subsequent use. Recogniz-

25. *Juicy Whip v. Orange Bang, Inc.*, 185 F.3d 1364 (Fed. Cir. 1999).

26. *Id.* at 1367–68.

27. *Id.* at 1367.

28. *Id.* at 1368.

ing actor-specific morality involves examining the relations of the inventor to the given inventive community and to the potential users in context.

Thus, adopting legal doctrines that analyze actor-specific morality in patent law permits a more complex view of the patent's moral status and the subsequent regulation of the patent. Figure 1 depicts how to perceive of the actor-specific analysis and product-specific morality in patent law.

As demonstrated by Figure 1, the doctrinal recognition of the moral content of patent law focuses on whether the inventor's actions are moral and whether the invention itself is moral. In some sense, this analysis already occurs in patent law. For instance, the doctrine of inequitable conduct is focused on whether the inventor properly disclosed information to the United States Patent and Trademark Office.²⁹ In this analysis, a court could come to perceive morality within a multi-faceted analysis. This multi-faceted analysis could attempt to capture the moral and ethical obligations the inventor has with the object of invention, the particular scientific, technical or research community that seeks to use the material, and the subsequent users of the respective patent. Such an approach is consistent with Gerhart's claim that property systems need to engage with and reflect the shared values of a given community.

Additionally, by emphasizing obligation as a central coordinating norm in property theory, Gerhart's theory of social morality emphasizes that property law and its institutions operates through fluid, continual interactions between the property owner and a shared social context. By emphasizing the rights of the property owner in exclusion to all else suggests that property relationships as static insofar as the property owner enjoys settled rights within a given and well-under-

29. Kali Murray & Dmitry Vinarov, *Rethinking Patent Fraud Enforcement in A Reform Era*, 13 MARQ. INTELL. PROP. L. REV. 264 (2009) (assessing standards of materiality).

stood property regime. Assessing the legal duties that flow from obligations, however, offers a convenient way to reflect this dynamic interaction between the property owner and the demands of the relevant social context. Gerhart's theory, consequently, is supportive of recent work in property theory that suggests the dynamic nature of property law formation.³⁰ Specifically, Gerhart's emphasis on interactivity as a dominant property characteristic is resonant with the claim of authors such as Donald Kochan suggests that property law needs to more actively map the ways in which different actors in property systems situate themselves in a range of decision-making informal, negotiated and formal dimensions.³¹

Theories that reflect obligation, thus, are uniquely representative of dynamic interaction between the property owner and the shared social context. The imposition on obligation may offer a doctrinal response to when disputes emerge over how a property resource is used. Elsewhere,³² I have traced how common-law obligation theory in both contracts and property law informed the emergence in constitutional patent law of a key constitutional principle: the patent bargain, which is³³ the idea that "the federal patent system thus embodies a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for the exclusive right to practice the invention for a period of years."³⁴ As I have discussed *infra*, the existence of the patent bargain reflects how legal doctrines can reflect how a property right can internalize the corresponding rights of the property owner. In this instance, the patent right internalizes the corresponding obligation of the patent owner to disclose information that is generated by the invention.

The constitutional patent bargain emerged over time and reflects how doctrines that express reciprocal effect dynamic interaction between the property owner and the shared social context in two ways. Doctrines that embody obligation exemplify the dynamic interaction help to legitimate property systems as political systems. Obligation doctrines suggest that property systems are contingent and can change over time in response to social, political and individual pressures. The contingent nature of property systems often legitimizes property law generally, because it suggests to regulated constituencies that harms to shared values can be addressed. Second, obligation doctrines can specifically serve as a vehicle for contingent change. For example, patent

30. Donald J. Kochan, *A Framework for Understanding Property Regulation and Land Use Control from a Dynamic Perspective*, 4 MICH. J. ENVTL. & ADMIN. L. (forthcoming 2015).

31. *Id.* at 4.

32. Kali Murray, *Constitutional Patent Law: Principles and Institutions*, 93 NEBRASKA L. REV. (forthcoming June 2015).

33. *Id.*

34. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150–51 (1989).

law experienced such a dynamic re-ordering in the late nineteenth century. Social and innovative disruption as to how patents were being used, prompted judicial and legislative imposition of new forms of obligations onto patent owners through a re-constituted patent bargain. Thus, the metaphor of the patent bargain became a doctrinal vehicle to manage disruptions within the patent system.

Finally, another goal—what I term specificity—is achieved by focusing on doctrines related to obligation in property and intellectual property theory. Recent property theory, exemplified in scholarship grounded in progressive property theory, has emphasized that property ownership needs to be situated in an awareness of the plural values served by property systems.³⁵ A claim, however, that “human values” ought to trump the specific property rights enjoyed by the property owner is not instinctually persuasive. Claims to broad “human values” are diffuse as opposed to the more concrete claims of ownership. One method to achieve specificity, is to focus on individual cases or narratives that dramatically depict those human values. This narrative structure seeks to provide ways of understanding plural values in property law. But addressing human values, through cases or other narrative, does not enjoy the same categorical force as the claims accorded to the property rights enjoyed by a property owner.

Imposing obligations, however, on the property owner’s decision making is a much more concrete expression of what a given property system deems important to its ultimate function. For example, in patent law, the disclosure obligation imposed on patent holders owners suggest key values of the patent system, including the open dissemination and circulation of information within a given property community. Indeed, the disclosure obligation in patent law also embodies parties that would be most harmed by the failure to uphold those obligations, the public who would most likely use the patent and the public whose previous work is represented in the granted patent. Consequently, obligation doctrine serves an important function in making specific claims as to the types of harms that may arise from how an owner engages in their decision-making power as to a given property item. Thus, the normative claims of obligation perform an important role in shaping public discourse of over the content of the property right within a particular regime.

35. Gregory S. Alexander et. al., *A Statement of Progressive Property*, 94 CORNELL L. REV. 743 (2009) (“Property implicates plural and incommensurable values. . .Some of these values promote individual interests, wants, needs, desires, and preferences. Some promote social interests, such as environmental stewardship, civic responsibility, and aggregate wealth. Others govern human interaction to ensure that people relate to each other with respect and dignity.”).

IV. CONCLUSION

Much more could be said about Peter Gerhart's work in *Property and Social Morality*. It is important, however, that we focus on his singular achievement in this text. He makes the obligation the center of how we perceive the rights of the property owner. He also makes visible how these rights function within a shared social context. Such insight will be the subject of more fruitful conversations in the future.