

OLE-ANDREAS ROGNSTAD, *PROPERTY ASPECTS OF INTELLECTUAL
PROPERTY* (CAMBRIDGE UNIVERSITY PRESS 2018)

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In *The Unbearable Lightness of Being*, Milan Kundera warns that metaphors are dangerous.¹ Kundera postulates that love begins with the fictions we create of others and hints that we can never be quite certain to what extent we love the person, rather than the fiction. The word 'property' in the term intellectual property (IP) seems to put the associated rights – copyrights, patents and trademarks, among others – in a similarly thorny predicament. Intellectual 'property' suggests that these rights connote ownership of the protected ideas, much like traditional property rights connote ownership of tangible goods, the only difference being that their object is intangible. But is IP really property or are these rights quite different in nature? Could it be that what might initially have been a simple moniker for a set of rights that were otherwise hard to classify has taken on a life of its own, leading us to improperly conflate IP and property in tangible objects even today? In his new book on the subject, Ole-Andreas Rognstad fears that the answer might be 'yes'.²

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¹ Milan Kundera, *The Unbearable Lightness of Being* (MH Heim tr, Faber & Faber 2015) pt 1 ch 4.

² Ole-Andreas Rognstad, *Property Aspects of Intellectual Property* (Cambridge University Press 2018) 201 (proposing that, rather than lamenting the propertization of IP, we should underscore 'the elusiveness of the property metaphor and the limited guidance it provides').

I. THE BOOK'S MAIN CONCLUSIONS

Rognstad identifies three aspects of IP that can potentially be analogized with property in tangibles: (1) the justification and (2) the structure of IP, as well as (3) IP as assets. The first aspect relates to the grounds on which the grant and scope of IP can be justified. The second aspect concerns, in particular, the relation between IP rights and their object of protection. The third aspect focuses on IP rights as assets, that is legal entitlements representing some economic value that may be transferred, securitized or licensed. The book proceeds to analyse, for each individual aspect, how appropriate the comparison of IP to property in tangibles is.

Its general conclusion is that the comparison will often be ill-advised: 'the considerable differences with regard to the possible justification grounds, as well as the structuring of the rights, imply that from a legal point of view little is gained from drawing real property analogies'.³ Such analogies fare somewhat better when speaking of IP as assets, though even here 'considerable caution should be exercised'.⁴ Let me attempt an analogy of my own to illustrate the point: one might say that property in tangibles is like IP the way cars are like buses. Both belong to the general class of vehicles and they share various features which make them more alike than, say, private cars and cruise ships. But they also differ in significant respects, such as their function and size. As a result, some rules apply equally to cars and buses, such as speed limits and the prohibition of drink driving, but not all: buses are allowed in bus lanes and must be driven by persons holding a special driver's license. Thus, rules applicable to buses do not necessarily carry over to cars just because both are motorized vehicles. For instance, when faced with the question whether a car may pick up a passenger at a bus stop, the fact that a bus may do so is not decisive and perhaps not even helpful.

In much the same way, Rognstad argues that rules relating to property in tangibles do not necessarily translate well to IP. Rognstad concedes that both

³ Ibid 200.

⁴ Ibid.

legal concepts denote entitlements to objects and are therefore similar in this limited sense, but immediately warns that the similarity may be accepted only 'at the level of pure description', that is 'without drawing material analogies from one set of rules to the other'.⁵ Superficial similarities between IP and property in tangibles are deceptive because they suggest these rights are also similar in other respects when in reality they are not. This is the cardinal danger for Rognstad, because IP rights should be granted, and their scope delineated, in accordance with their specific justification.⁶ Overreliance on real or perceived similarities to property in tangibles may make us forget these specific justifications.⁷

Coincidentally, another book on property aspects of IP – this one specifically on copyright – came out shortly after Rognstad's had gone to press, *Propertizing European Copyright: History, Challenges and Opportunities* by Caterina Sganga. Interestingly, Sganga's conclusions on the role property logic should play in the development of copyright are diametrically opposed to Rognstad's. She argues that embracing the propertization of copyright could result in a more consistent, predictable and balanced development of EU copyright law.⁸ For instance, she suggests that inspiration could be drawn from the concept of *res nullius* to find 'an implied renunciation of any claim or remedies against the infringement' in the case of non-use of copyrighted works.⁹ Interested readers would do well to read Sganga's book alongside Rognstad's. It shows that property is a malleable

⁵ Ibid 123, 124.

⁶ Ibid 123 (relying on false analogies risks the 'creation of concepts that are detached from the interests at stake and the purposes that IPRs pursue, such that the particular justifications for IPRs are lost from sight').

⁷ The concern that this leads to overprotection of IP at the expense of the public domain is frequently expressed in IP scholarship. Rognstad is agnostic about the consequences: 'It is important to remember that use of the term property does not in itself mean strong or absolute protection', *ibid* 200.

⁸ Caterina Sganga, *Propertizing European Copyright: History, Challenges and Opportunities* (Edward Elgar 2018) 269ff.

⁹ Ibid 244.

concept and that reliance on property logic can be used to either oppose or defend the strengthening and expansion of IP rights.¹⁰

II. COMMENT

1. *Abstractions in Intellectual Property*

As noted above, for Rognstad, the equation of IP and property really only makes sense when speaking of IP as assets.¹¹ But, when considering the subject matter and scope of IP – that is, material IP law – this analogy stops short. This has long been debated, as Rognstad's book summarises well. The book's most original contribution is the reference to early writings on the subject by Scandinavian legal realists, for whom the key difference between IP and property in tangibles was that, in the case of IP, the object 'does not exist in the real world; it is only an abstraction of the embodiments subject to protection'.¹² Just like Plato's ideal forms in his allegory of the cave, patented inventions or copyrighted works can never be known as such, but rather are only ever imperfectly reflected in their embodiments (and there is no philosopher king to redeem us).¹³ In this way, IP relates to infinite physical phenomena.¹⁴ Consequently, establishing IP

¹⁰ This argument has been made before. In particular, see Michael A Carrier, 'Cabining Intellectual Property through a Property Paradigm' (2004) 54 *Duke Law Journal* 1, 5, who proposes to import categories of limits from property in tangibles into IP.

¹¹ E.g. Rognstad (n 2) 138 (a reference to IP as property might be helpful for 'establishing that general rules on the treatment of assets may, to some extent, also apply to IPRs'). Although Rognstad considers this function of IP to have the most in common with property in tangibles, he points out various differences that can create difficulties for the analogy even here.

¹² *Ibid* 49.

¹³ Plato, *Republic* (B Jowett tr., Project Gutenberg eBook reprint 2008), Book VII.

¹⁴ Rognstad (n 2) 49. Rognstad repeatedly cites a manuscript on this subject that has since been published as Alexander Peukert, *Kritik der Ontologie des Immaterialgüterrechts* (Mohr Siebeck 2018). For a more practical application in the field of patent law, see Robin Feldman, *Rethinking Patent Law* (Harvard University Press 2012), for whom the abstract nature of inventions means patents are no more than bargaining positions, as well as Jessica Lai, 'The Nebulous 'Invention': From 'Idea and Embodiment' to

infringement always involves an intermediary abstraction step, absent in disputes over property in tangibles.¹⁵ The seemingly facile observation that tangibles are fixed and rivalrous, then, becomes the root of profound differences with the object of IP. This affects both the justification and the substance of their respective property entitlements and, as a result, when speaking of one, analogies to the other fail.

Whereas property in tangibles is often justified by reference to the so-called tragedy of the commons, IP is traditionally justified as a response to the 'tragedy of the free rider'.¹⁶ Private property in tangibles exists to prevent overuse, but overuse can never occur with intangibles. Likewise, while free-riding can occur with both tangibles and intangibles, it may be especially problematic in the context of IP because it directly affects its incentive function.¹⁷ Thus, when explaining IP's *raison d'être*, reliance on justificatory theories developed in the context of property in tangibles, such as John Locke's theory of labor, may be inappropriate.¹⁸ So, too, for the substance of the rights. The absence of an intermediary abstraction step makes doctrines like trespass and *rei vindicatio*, which serve to effectuate property rights in the context of tangibles, apply poorly to IP. The 'borders' of IP's object are not just harder to establish; rather, for Rognstad, 'determining the scope of the legal object [of IP] requires methods

'Idea/Embodiment and Observable Physical Effects', in Jessica Lai and Antoinette Dominicé (eds), *Intellectual Property and access to Im/material goods* (Edward Elgar 2016).

¹⁵ For instance, identifying the invention underlying the claims before patent infringement can be established. See Rognstad (n 2) 106-109.

¹⁶ Scholars have questioned whether this is really a 'tragedy'. See esp. Mark A Lemley, 'Property, Intellectual Property, and Free Riding' (2005) 83 *Texas Law Review* 1031.

¹⁷ Rognstad (n 2) 98; see also chapters 2 and 5 of the book, which contain a much more nuanced discussion of the respective justifications for property in tangibles and intangibles which, for reasons of space, cannot be reviewed here. The interested reader may also wish to consult Michael Spence, *Intellectual Property* (Oxford University Press 2007), ch 2; and Peter S Menell, 'Intellectual Property: General Theories' in Boudewijn Bouckaert and Gerrit de Geest, *Encyclopedia of law and economics* (Edward Elgar 2000), with many references to further literature.

¹⁸ Ibid 30; but see Adam Mossoff, 'Saving Locke from Marx: The Labor Theory of Value in Intellectual Property Theory' (2012) 29 *Social Philosophy and Policy* 283.

very different from those used to determine the boundaries of physical goods, making the two phenomena difficult to compare'.¹⁹ IP's delicate balancing act between too little abstraction, resulting in practically meaningless protection, and too much abstraction, resulting in overbroad protection at the expense of the public domain, is not performed in property in tangibles and it is certainly not its essential methodology.

This balancing act defines IP and performing it fairly is a perennial problem.²⁰ Rognstad suggests that we should be aware of this problem and, in particular, ensure that we 'find the abstraction levels that reflect the functions and purpose of the rules'.²¹ This recommendation is not entirely clear: on the one hand, a large body of legislation, case law and literature has developed in each field of IP to help courts perform the abstraction step. Striking the right balance between the interests of the rights holder and those of the public was the guiding principle in developing this body of law, which should address Rognstad's concerns.²² On the other hand, if he envisages an increased awareness of IP's functions and purpose in the day-to-day application of this body of law, this is easier said than done. Consider, for example, the two signs shown in figure 1, both of which were registered as trade marks for (*inter alia*) hotel services.

¹⁹ *ibid* 96.

²⁰ The book cites an oft-quoted American case in which Judge Learned Hand famously formulated the problem, *Nichols v. Universal Pictures*, 45 F.2d 119 (2d Cir. 1930), 121: '... there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his 'ideas,' to which, apart from their expression, his property is never extended ... Nobody has ever been able to fix that boundary, and nobody ever can.' Note the reference to copyright as 'property', which suggests that Judge Hand may nonetheless have felt the abstraction step does not make copyright and property in tangibles fundamentally different.

²¹ Rognstad (n 2) 111, 106, 108.

²² This is perhaps most clear in the case of Article 69 European Patent Convention and its Protocol, which in Article 1 explicitly states that the article seeks to combine 'a fair protection for the patent proprietor with a reasonable degree of certainty for third parties.'

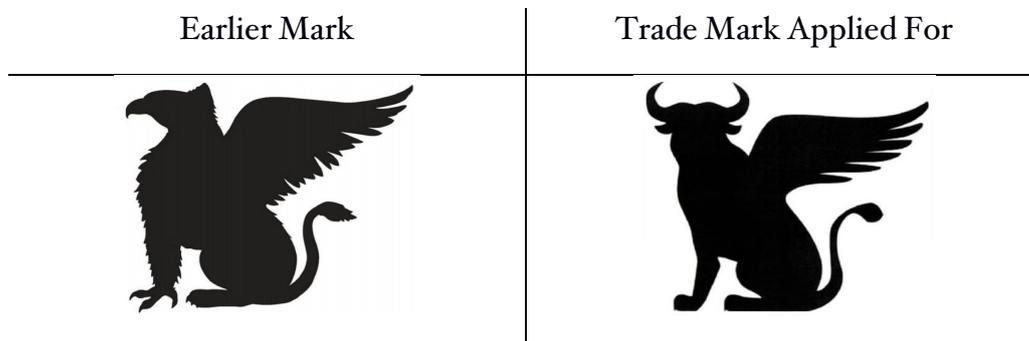


Figure 1. Two Signs Registered for Hotel Services

The European Union Intellectual Property Office (EUIPO) Board of Appeal considered these signs dissimilar, finding that they have 'completely different figures characterised by very different features' and recognizing in the earlier sign a griffin whereas the trade mark applied for was considered 'fanciful'.²³ The General Court annulled the decision: it held that both signs show a 'black-on-white silhouette of an animal-like creature viewed in profile', depicted in similar positions, which both evoke 'an imaginary creature merging the characteristics of several animals'.²⁴ Both decisions were based on factually correct considerations, but only one is 'right'. The case is a textbook example of the abstraction problem: what level of detachment from the griffin is permissible when assessing similarity? The fact of the matter is that this assessment is invariably subjective and it remains unclear how the function and purpose of the underlying rule, i.e. Article 8(1)(b) of (now) Regulation 2017/1001 (the European Trade Mark Regulation), can help guide it. The problem is not resolved by simply bearing in mind that the underlying rule aims to prevent consumer confusion, because determining the level of abstraction at which confusion can no longer occur will remain a subjective matter.

2. Practical Implications

This brings me to the main shortcoming of the book, of which there are otherwise very few. Chapter 7 takes a practical approach to the asset function of IP and contains various original insights which seem relevant and applicable in

²³ EUIPO BoA 17 January 2017, R-165/2016-4, para 29 and 31.

²⁴ GC 15 March 2018, T-151/17 (*Marriott Worldwide Corp. v. EUIPO*), para 36 and 42.

everyday situations.²⁵ But the argument on the justification and scope of IP, while skilfully developed, remains rather theoretical: the griffin example shows Rognstad's findings here may be difficult to apply when performing the abstraction step in practice. Another case in point is Recital 9 of Directive 2001/29/EC (the InfoSoc Directive) which states explicitly that '[i]ntellectual property has ... been recognised as an integral part of property'. Although he discusses the recital, Rognstad does not address this statement at all.²⁶ This is rather surprising since the recital suggests that the equation with property has implications for the protection afforded to copyright holders.²⁷ This express classification of copyright as property by the EU legislator raises the question how much room is left to consider Rognstad's thoughtful warnings.

Perhaps the purpose-oriented application of IP law advocated by Rognstad is not so much needed in performing the abstraction step, but rather at the stage of remedies. It may well be that a court finds infringement of an IP right and still concludes that imposing a particularly oppressive remedy, such as an injunction, would run counter to the function and justification of the IP right being enforced. It will be tempting to draw an analogy to property in tangibles, for instance to rules developed in cases of minimal or unintentional encroachment of land, where a remedy might be refused even though the property owner is within their rights. And yet, it is here that a clear distinction with property in tangibles is most needed because, while IP exists to stimulate creativity and innovation, the breadth of the monopoly it affords may sometimes have the opposite effect. This concept of purpose-bound rights with potentially

²⁵ Especially the discussion of IP as fundamental rights is illuminating and well worth reading. Unfortunately, a more in-depth analysis of Rognstad's conclusions in this chapter is outside of the scope of this review.

²⁶ Rognstad (n 2) 89.

²⁷ The first sentence of this recital stresses the need for a 'high level of protection'. Sganga (n 8) 98 even suggests the recital presents copyright as 'an entitlement that is more an end in itself than a tool to achieve higher public goals', a conception that would seem anathema to Rognstad.

unlimited scope is alien to property in tangibles, and the harmful effects of overlooking this are felt most strongly at the remedies stage.²⁸

The book hints at this, but unfortunately does not fully develop the point. For instance, Rognstad discusses the US Supreme Court's landmark decision in *eBay v. MercExchange* concluding that the Supreme Court is 'sensitive to the obvious differences between the utilitarian accounts of property in tangibles and IP'.²⁹ This is true, but there is more to the decision than that. The case re-established traditional equitable principles as the proper test for injunctive relief in patent cases.³⁰ Justice Kennedy's concurrence, which Rognstad also cites, suggests this may have been necessary to better equip lower courts to deal with patent cases presenting 'considerations quite unlike earlier cases'.³¹ Since then, U.S. courts have developed new practices that better reflect the economic realities in which modern day patent law functions.³² In Europe, the CJEU's case law on the proportionality principle in IP has been interpreted as a parallel development.³³ Rognstad criticizes this case law, somewhat harshly in my opinion, for not being sufficiently explicit about why one right or the other prevails.³⁴ I believe that

²⁸ See in particular Peter Drahos, *A Philosophy of Intellectual Property* (Dartmouth 1996) ch 7.

²⁹ See Rognstad (n 2) 80 and *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

³⁰ 547 U.S., at 394: 'Just as the District Court erred in its categorical denial of injunctive relief, the Court of Appeals erred in its categorical grant of such relief We hold only that the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts'.

³¹ 547 U.S., at 396 (Kennedy, J., concurring).

³² See e.g. Christopher B Seaman, 'Permanent Injunctions in Patent Litigation after EBay: An Empirical Study' (2015) 101 Iowa Law Review 1949, 1988, who shows, among other things, that non-practicing entities have significantly lower chances of being afforded injunctive relief.

³³ See e.g. Ansgar Ohly, 'Three Principles of European IP Enforcement Law: Effectiveness, Proportionality, Dissuasiveness' in Josef Drexler, *Technology and Competition: Contributions in Honour of Hanns Ulrich* (Larcier 2009).

³⁴ Rognstad (n 2) 194.

what the CJEU's decisions lack in explication, they make up for in pragmatism.³⁵ And judicial pragmatism is much needed to shed European IP law of misguided property rhetoric, so carefully exposed by Rognstad. We should be grateful to the CJEU for handing us the tools to do so and start using them to their full potential.

III. CONCLUSION

As *The Unbearable Lightness of Being* draws to an end, life forces its characters to shed long-held convictions. *Property Aspects of Intellectual Property* may leave the reader feeling the same, because Rognstad's thorough analysis leaves but little intact of the property analogy that so often characterizes our understanding of IP. As one of few comprehensive analyses of the subject from a European perspective to date, the book is a welcome contribution to the scholarship on the fundamental question to which extent IP is 'property', even if it does not exhaustively cover the various topics it touches upon. The reader unfamiliar with the subject will find in the book a helpful introduction to the many problems it gives rise to, while the more informed reader will appreciate the breadth of Rognstad's treatment of the topic. In sum, there is something in the book for every IP enthusiast.

³⁵ A fine example is CJEU 13 November 2018, C-310/17 (*Levola Hengelo BV v Smilde Foods BV*), see also Léon E Dijkman, 'CJEU Rules That Taste of a Food Product Is Not Protectable by Copyright' (2019) 14 *Journal of Intellectual Property Law & Practice* 85.