THE U.S. PATENT SYSTEM WAS (AND IS) A RULE-OF-CAPTURE PROPERTY RIGHTS REGIME

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In *Right on Time: First Possession in Property and Intellectual Property*,[1] Professors Dotan Oliar and James Y. Stern develop a conceptual framework that highlights the trade-offs in the choice between two different types of first possession regimes: the "first-committed-searcher rule" (early awards of property rights) and the "rule of capture" (late awards of property rights).

They review classic legal chestnuts, such as the famous fox-hunt case of *Pierson v. Post* and the social norms of acquisition in the nineteenth-century whaling industry, and they identify the relative costs and benefits in late awards for capture or in early awards for pursuit. Their model reminds us that first possession doctrine is not really about who is *first*, but what counts as "first" given the *contextual* nature of both the resource being claimed and the claimant's activities in asserting ownership over it—harpooning a fast-moving whale in the deep ocean is entirely different from chasing a fast-moving fox on "wild and uninhabited, unpossessed and waste land, called the beach."[2]

At this high level of abstraction, their conceptual model illuminates now-classic economic costs and benefits in acquiring and using resources, such as the benefits in developing resources, costs in wasteful competitive races, the costs of free-riding, etc. I do not agree with this consequentialist, law and economic methodology as something that is "fundamental," but meta-ethical concerns are best left for longer-form writing (although I'll briefly touch on some of these issues at the end of this essay). In this response essay, I will primarily address their model on its own terms and raise some questions about whether it properly describes the acquisition issues they identify in the context of new inventions secured by U.S. patent law.

As an example of the explanatory value of their model, Oliar and Stern identify the shift from a first-to-invent to a first-to-file patent system in the America Invents Act of 2011 ("AIA") as a shift in first possession regimes. They claim that the earlier first-to-invent patent system represented a first-committed-searcher rule. They support this claim by noting that in a legal contest between two people claiming priority to a patent in their respective acts of invention, the person who pursued with diligence an invention from an original conception was still deemed the first inventor, even if this person

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[1] Dotan Oliar & James Y. Stern, *Right on Time: First Possession in Property and Intellectual Property*, 99 B.U. L. REV. 395 (2019).

[2] Pierson v. Post, 3 Cai. 175, 175 (N.Y. Sup. Ct. 1805) (quoting Post's complaint).

ultimately "reduced to practice" the invention at a later date than the other inventor. After the AIA, proving diligence in efforts to reduce to practice an invention is irrelevant. The person who first files a patent application always wins priority. Thus, they state that the "AIA . . . can be seen as moving the U.S. patent system from a first-committed-searcher model to one representing a rule of capture."[3]

It is true that interferences—contests between two patent applicants concerning who was first to invent—were eliminated by the AIA in favor of a new first-to-file system, but the first-to-invent patent system in the U.S. already represented a rule-of-capture regime. As a preliminary matter, the legal contest of an interference highlighted by Oliar and Stern was a relatively rare occurrence in the U.S. patent system, in which millions of patents are in force and thousands of lawsuits are filed in courts each year. Before the AIA was enacted in 2011, there were between forty-four and fifty-nine interferences annually from the years 2008 to 2011.[4] It was even rarer in interferences when one person was able to prove a prior date of conception and then prove diligence leading up to a later reduction to practice of the invention, thereby winning the contest and the crown of "inventor" in claiming priority in receiving the patent.

More significantly, the rule allowing for diligence in pursuing a later reduction to practice was a derivative legal rule; it was not the primary rule for interferences, which was that the person who is first to reduce to practice has priority as the first inventor. Notably, *Pierson* also had a derivative rule for committed pursuit—an active pursuer who mortally wounded but not yet captured a wild animal has priority over someone who first captures the beast. But this mortal-wounding proviso did not change the core lesson of *Pierson* for all 1Ls today: the rule of capture. In the same way, the derivative rule in interference proceedings concerning diligence in reducing to practice did not change the core rule of the historical U.S. patent system that the first person to invent a *real-world invention* has priority in perfecting legal title in a patent.

Beyond interferences, the "reduction to practice" of an invention in the inventive process—the creation of the actual invention in the real world—has long been the lodestar of the U.S. patent system. This is in part a constitutional mandate: Congress is authorized in Article I, Section 8, Clause 8 to enact patent laws to promote "the useful Arts," the eighteenth-century phrase for real-world innovations.[5] Thus, it is longstanding doctrine that theoretical conceptions of science fiction or fantasy are unpatentable. A person has to "capture" a real-world invention in order to receive a patent; merely

[3] Oliar & Stern, *supra* note 1, at 423.

[4] *Appeal and Interference Statistics: Patent Trial and Appeal Board September 2018*, U.S. PAT. & TRADEMARK OFF., https://www.uspto.gov/sites/default/files/documents/Appeal%20and%20Interference%20Statistics%20-%20September%202018.pdf [https://perma.cc/6WPQ-DX6] (last visited June 25, 2019).

[5] U.S. CONST. art. I, § 8, cl. 8.

contemplating a purely philosophical principle, an early hypothesis, or a fantasy idea like a Jedi's lightsaber is insufficient to justify a patent. All of the patentability requirements—the legal rules that an invention has to be novel, nonobvious, useful, and fully described in the patent—specify in various ways the core function of the U.S. patent system that someone must have captured an invention and not merely claim an idea.

Oliar and Stern seem to partially grasp this insight, because they rightly identify the utility requirement as preventing the patenting of abstract conceptions or theories. They recognize this doctrine enforces a rule of capture, which explains why it is a "minimal" legal hurdle.[6] Contrary to its name, its purpose is not to prove commercial viability or success of an invention in the marketplace, but simply to ensure that the purported inventor has actually created a valuable asset in the real world—an actual invention of a new product or process. But utility is only one of several patent doctrines requiring an inventor has captured an invention by reducing an idea into the practical reality of a technological product or process. Another doctrine that achieves the same rule-of-capture function is the written description requirement. An inventor must describe one's invention in a patent in sufficient detail to confirm *actual possession* of a real-world invention (this doctrine has roots reaching back to the British Crown's issuance of letters patent under its royal prerogative power in early seventeenth century).

In their article, Oliar and Stern recognize that the principle of first possession, whether applied in legal doctrine or in social norms, is applied contextually to an asset given the nature of the asset and the nature of the actions in claiming it and keeping it. Their model illuminates some of the costs and benefits in these varied contexts across different types of property in early or late acquisition regimes in tangible and intangible resources. While these costs and benefits are important functions in some respects, these concerns by themselves do not reflect "a clear grasp" of all of the "fundamentals" in acquiring and using property.[7] Oliar and Stern come close to recognizing the core conceptual content and functional value in a property right in securing "control" over a valued asset[8]—what Eric Claeys and I have identified as a key function of the right of exclusive use that is the essence of a property right.[9]

This perhaps explains why Oliar and Stern's first possession model of the first-committed-searcher rule and the rule of capture, while itself capturing some differences and similarities in first possession doctrines among different species of property, does not aptly explain the recent changes in U.S. patent law from a first-to-invent to a first-to-file system. Within their model, these are

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[6] Oliar & Stern, *supra* note 1, at 424.

[7] *Id.* at 458.

[8] *Id.* at 418-19.

[9] *See generally* Eric R. Claeys, *Property, Concepts, and Functions*, 60 B.C. L. REV. 1 (2019); Adam Mossoff, *Saving Locke from Marx: The Labor Theory of Value in Intellectual Property Theory*, 29 SOC. PHIL. & POL'Y 283 (2012).

simply two different types of rule-of-capture regimes. Each system represents merely two different versions of late acquisition rules for claiming property in inventions—reducing to practice a new invention or filing a patent application—and each system has derivative rules that qualify these core rule-of-capture approaches on the margins. What fundamentally explains and justifies either of these two rule-of-capture systems in securing patents in new inventions is rooted in something more than just the transaction costs and benefits identified in their model.

Oliar and Stern are right that a patent is a species of property, but not merely by "analogy," as they repeatedly characterize this classification of intellectual property.[10] This is a key point. Since the Founding Era, there has always been an intense debate about the legal status of patents, and when courts and other legal actors defined and legally protected patents as property rights, they did so because these legal rights secure the fruits of inventors' productive labors.[11] Thus, the U.S. was unique in adopting a first-to-invent patent system, breaking with England's first-to-file system despite continuing other aspects of England's patent laws. The U.S. approach situated patents legally and institutionally within a property rights system that presumptively secures to all first inventors the freedom in how best to use a valuable asset in supporting a flourishing life for oneself within a society of equals that flourishes as well.

[10] *Id.* at 418, 440.

[11] *See generally* Adam Mossoff, *Who Cares What Thomas Jefferson Thought About Patents?: Reevaluating the Patent "Privilege" in Historical Context*, 92 CORNELL L. REV. 953 (2007).