
**CLAIM COMMUNICATION
IN INTELLECTUAL PROPERTY:
A COMMENT ON *RIGHT ON TIME***

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There is a lot to like in *Right on Time*.¹ Professors Dotan Oliar and James Y. Stern remind legal scholars that what they call first possession norms do not constitute “an essentially antiquarian topic.”² Oliar and Stern have also provoked property and IP theorists to consider whether these norms apply in intellectual property (“IP”) law and policy. In IP scholarship, many, many works assume that, since intellectual works are nonrivalrous and nonexclusive, possession norms should not play *any* role in IP. That assumption seems wrong and deserves to be reconsidered. As this online symposium shows, *Right on Time* seems to be provoking such reconsideration, and all credit to Oliar and Stern for that development.

As should be clear, I am sympathetic to Oliar and Stern’s basic theoretical suggestion, and I am persuaded by many of their article’s suggestions for different areas of IP law and policy. To keep this response essay interesting, though, I’ll dwell more on my differences with Oliar and Stern than on the sources of my agreement. In this essay, I hope to mark off three major reservations I have about *Right on Time*. First, and fundamentally, I do not read the authorities that Oliar and Stern study as authorities about “first possession” policy. I read the same authorities to vindicate an important policy I’ll call here “claim communication.” In my view, “first possession” cases apply claim communication norms to tangible and acquirable personal property, but the norms apply to many other disputes besides first possession disputes.

As for all of Oliar and Stern’s discussions of specific IP topics, I have a strange experience reading them. Because the three of us read the same cases to embody different basic normative commitments, I would have expected to disagree with many specific prescriptions that Oliar and Stern make. But my reactions are more varied. I *am* surprised—and this is the source of my second reservation—that Oliar and Stern *don’t* consider a few IP doctrines that I consider quite analogous to common law first possession doctrines. These

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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 *Id.* at 398.

doctrines apply in common law IP, and they require proprietors to keep intellectual works secret and confidential as conditions for continuing to hold IP rights. As for the doctrines that Oliar and Stern do cover, I agree with them in some cases and disagree in others. In this response essay, I'll illustrate with a couple of examples from federal patent law, and I'll mark off one final reservation (regarding injunctions for patent infringement) where Oliar and Stern's theory seems not to take seriously enough concerns that seem salient in a claim communication theory.

I. CLAIM COMMUNICATION

Let me start by explaining what I mean by "claim communication" and why it is normatively valuable. In my opinion, property rights need to perform two important, complementary, but still-distinct functions. First, property rights need to help people derive value from ownable resources. Second, since different people might try to derive value from the same resource or resources, property rights need to coordinate the behavior of different people. Any resource in a community could conceivably be managed by one or a few members. Those prospective managers—and also the people excluded from a resource—need to know who gets priority to manage it and produce value from it. Property rights perform this latter function by communicating claims about who holds what rights in a resource.³

Claim communication performs valuable goals no matter how one justifies property rights.⁴ If one starts from consequentialist premises, clear property rights reduce information costs associated with figuring out who has what rights in relation to an ownable resource.⁵ If one starts from rights-based premises, claim communication describes a responsibility that proprietors owe (in John Locke's words) to "put a distinction between" the resources they mean to labor on as their own and "common" resources available for others' use.⁶

In *Right on Time*, Oliar and Stern assume that property policy focuses on one overarching concern—namely, assigning property rights when they are just

³ My colleague Christopher M. Newman speaks of the same function as an imperative to give property claims "social intelligibility." See Christopher M. Newman, *Transformation in Property and Copyright*, 56 VILL. L. REV. 251, 271 (2011).

⁴ See Carol M. Rose, *Possession as the Origin of Property*, 52 U. CHI. L. REV. 73, 81-82 (1985). In my scholarship on IP, I rely on a rights-based theory in which the rights are justified on perfectionist, eudaimonistic, or flourishing-based grounds. See Eric R. Claeys, *Intellectual Property and Practical Reason*, 9 JURISPRUDENCE 251, 252 (2017). That being so, I would not use the consequentialist foundations and concepts on which Oliar and Stern rely. In this response, when I discuss the normative goals of property law, I try to follow Rose's approach and to abstract as much as I can from these normative differences.

⁵ See, e.g., Thomas W. Merrill & Henry E. Smith, *Making Coasean Property More Coasean*, 54 J.L. & ECON. S77 (2011).

⁶ JOHN LOCKE, SECOND TREATISE OF GOVERNMENT 283 (Peter Laslett ed., Cambridge Univ. Press 1988) (1690); see also Eric R. Claeys, *Labor, Exclusion, and Flourishing in Property Law*, 95 N.C. L. REV. 413, 440-41 (2017).

mature enough. Too-early assignments risk leaving resources underutilized; too-late assignments risk encouraging wasteful competition to appropriate resources. This concern encompasses one of the two goals I just described, namely encouraging the valuable and productive use of a resource. As framed, however, this concern does not present claim communication as a distinct goal associated with property.

Claim communication is easy to overlook because, in run of the mill resource allocation disputes, it dovetails with value production. Ordinarily, the first person to claim exclusive authority over a resource in a clear manner is also the person most likely to put the resource to valuable uses. In principle, however, claim communication and value production can pull in opposing directions. Such situations arise when people who may not be able to put resources to their highest-value uses appropriate them before anyone else does.

When claim communication stands as a distinct norm (as I believe it does), these situations should be addressed via an overridable presumption. Presumptively, the rights of the first appropriator should be protected as against the rights of other prospective appropriators. (In Oliar and Stern's terms, better to presume that the error costs from too-late assignments exceed the costs from too-early assignments.) Many competing resource uses are incommensurable with one another; they can't be ranked as clearly or decisively as onlookers might assume. In those cases, clear property rights (and protections for first appropriators) protect people's freedom to put resources to uses they find subjectively valuable. And even when it seems clear that there is some higher and better use, often the people who can put the resource to that use can convince the owner to sell it or to cooperate to use it. In these cases, clear appropriation property rules lay the groundwork for communication and bargaining. Although there are exceptions to these generalizations, the exceptions are understood best when understood as exceptions confirming a more general rule of thumb.

II. FIRST POSSESSION: CLAIM COMMUNICATION IN PERSONAL PROPERTY LAW

These contrasting views explain why Oliar and Stern and I view first possession cases differently. Oliar and Stern believe that first possession doctrine tries to balance "the risk that a claimant will fail to proceed successfully with development of a resource after being awarded it" with the risks of "prolonging costly multiparty races and disincentivizing race participation when participation is time-consuming and costly."⁷ In my interpretation, first possession cases apply to tangible personal property the principles sketched in the last section.

In simple cases, first possession norms stress claim communication—to the point that they award property rights to people who seem undeserving of those rights on other grounds. That is a major lesson from *Pierson v. Post*⁸ (discussed

⁷ See Oliar & Stern, *supra* note 1, at 417.

⁸ 3 Cai. 175 (N.Y. Supp. Ct. 1805).

in *Right on Time*). Even though Post had labored a lot more than Pierson to catch the fox, Pierson was entitled to possess it because there was a lot more “certainty” in his having killed the fox than in Post’s having chased it.

In harder cases, courts do consider construing “appropriation” and “capture” requirements more flexibly. On that basis (as *Right on Time* also acknowledges), whaling cases applied not a literal capture requirement but rather an “iron holds the whale” rule. That rule modified a general requirement of capture, as seemed likely to encourage and reward the risk-taking and labor necessary to catch whales. Even so, in the whaling cases Olliar and Stern cite, the courts still insisted that claim communication constituted a necessary element of appropriation; they accepted the “iron holds the whale” rule in part because marked harpoons left “unequivocal marks of appropriation” on harpooned whales.⁹

III. SECRECY AND OTHER CLAIM COMMUNICATION REQUIREMENTS IN IP COMMON LAW

First possession cases apply claim communication norms to unowned tangible personal property at common law. To consider how claim communication applies in IP, we can turn to the analogues to first possession in IP—secrecy requirements in common law fields of IP. Although Olliar and Stern do not consider common law IP doctrines, these doctrines’ provisions on secrecy and publication seem extremely salient to their arguments.

As I have suggested elsewhere, in common law doctrines for IP in intellectual works, works come to be IP-eligible if they satisfy secrecy requirements.¹⁰ Secrecy is one of several elements that an owner must establish to show that an intellectual work constitutes a trade secret.¹¹ In common law copyright, property in an authorial work does not survive first publication of the work.¹²

Secrecy and nonpublication constitute claim communication requirements. As Chancellor James Kent explained, as long as literary works and mechanical inventions “are kept within the possession of the author, he has the same right to the exclusive enjoyment of them, as of any other species of personal property; for they have proprietary marks.”¹³ Secrecy and nonpublication establish the

⁹ *Ghen v. Rich*, 8 F. 159, 160 (D. Mass 1881) (quoting *Tabor v. Jenny*, 23 F. Cas. 605, 607 (D. Mass. 1856) (No. 13,720)).

¹⁰ See, e.g., Claeys, *supra* note 4, at 259 n.34; Eric R. Claeys, *Intellectual Usufructs: Trade Secrets, Hot News, and the Usufructuary Paradigm at Common Law*, in *INTELLECTUAL PROPERTY AND THE COMMON LAW* 404, 419-28 (Shyamkrishna Balganeshe ed., 2013).

¹¹ See, e.g., RESTATEMENT (THIRD) UNFAIR COMPETITION § 39 (AM. LAW INST. 1995).

¹² See *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 657 (1834); Howard Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE L. REV. 1119, 1129-33 (1982).

¹³ 2 JAMES KENT, COMMENTARIES ON AMERICAN LAW 298-99 (O. Halsted 1827). One can see further confirmation in Lord Justice Yates’s dissenting opinion in *Millar v. Taylor* and in recent historical scholarship by Professor Sean O’Connor. See *Millar v. Taylor*, (1769) 98 Eng. Rep. 201, 233; 4 Burr. 2303, 2363 (analogizing property in literary works to property in

“proprietary marks” analogous to capture of animals. In the process, the same requirements take IP law’s first steps at addressing concerns about nonrivalry and nonexclusivity. No one can take advantage of the nonrivalrous and nonexclusive character of a new intellectual work if the owner keeps it secret and confidential.

To be sure, common law IP rules dispense with secrecy for “hot news,” i.e., news gathered by a news vendor for commercial use for a limited news cycle. But that exception from secrecy requirements can be rationalized on grounds parallel to the grounds on which “iron holds the whale” customs are justified as exceptions from general capture requirements.¹⁴ Secrecy norms play no role in common law trademarks, either, but this exception is understandable as well. Trademarks do not establish property in intellectual works; they establish property in some symbol of the goodwill a business has in a particular product or service.¹⁵ As long as a symbol satisfies trademark requirements for distinctiveness and is tied to the relevant business and product or service, it communicates adequately the business’s claim to exclusive use of the mark.

IV. Claim Communication in Statutory IP

As the last Part suggested, the most direct parallels between first possession and appropriation of IP occur in common law fields of IP. But it doesn’t follow that claim communication norms are completely irrelevant to the fields of IP on which Oliar and Stern focus—the three major fields of federal statutory IP. Good common law cases discuss normative principles that legislators need to consider when they write statutes on the same topic. That insight applies with as much force in IP as it does anywhere else. Trademark, copyright, and patent statutes all confer on rights-holders property rights far stronger and more exclusive than common law rights. Such strong and exclusive rights need to be justified. Oliar, Stern, and I agree that one justification is necessary: statutory IP rights must encourage people to create intellectual works more valuable than the works typically protected by common law IP rights.¹⁶ In my opinion, however, another justification is necessary: the statutes that establish statutory IP rights must also make those rights clearer and easier to transact with than analogous common law rights.

wild animals on the ground that both “are yours, while they continue in your possession; but no longer”); Sean M. O’Connor, *The Multiple Levels of “Property” in IP and Why That Matters for the Natural Versus Regulatory IP Debates*, 26 GEO. MASON L. REV. (forthcoming) (manuscript at 19-20) (draft of February 20, 2019, on file with the Boston University Law Review).

¹⁴ Among other things, “hot news” rights hinge in large part on customs among news gatherers about how news tips may be used by late-coming news organizations, much as whaling appropriation rules hinge on whalers’ customs about property in whales. See *Int’l News Serv. v. Associated Press*, 248 U.S. 215, 238, 243 (1918).

¹⁵ See generally Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839 (2007); Adam Mossoff, *Trademark as a Property Right*, 107 KY. L.J. 1 (2019).

¹⁶ See Oliar & Stern, *supra* note 1, at 426-28, 433-34, 439-40.

Given that I find claim communication distinct from value production, I would have expected that Oliar, Stern, and I would draw strikingly different conclusions for federal and statutory IP. After finishing *Right on Time*, however, I'm not sure we differ that much. In particular, *Right on Time*'s discussion of administrative patent reexamination proceedings seems to me right on the money. As Oliar and Stern explain, easily available reexamination "open[s] up the question of validity substantially so that, in some sense, it is much more uncertain whether a patent is ever valid."¹⁷ Oliar and Stern probably focus more on the uncertainties in risk-taking, while I focus more on uncertainties as between a patent owner and competitors. But all three of us are concerned that administrative reexamination destabilizes the security that patent rights provide.

For a counterexample, though, consider *Right on Time*'s treatment of inventions that might somehow abuse the patent system.¹⁸ With Oliar and Stern, I agree that the most troubling concerns relate to situations I'll call here "small component/large assembly disputes." In such disputes, a patent covers an invention that operates as a small component of a large assembled product, and the patent owner claims royalties for what the assembler of the large product believes to be a disproportionate share of the value of the entire assembly. I part ways with Oliar and Stern when they suggest that the holdout problems that arise in small component/large assembly disputes can be addressed via patent law's utility requirement and its requirements for patentable subject matter ("PSM"). In my opinion, utility and PSM doctrines have ramifications far broader than their ramifications in small component/large assembly disputes. If these requirements seem to Oliar and Stern good doctrines to modify, I suspect, that is because those doctrines focus on questions that interest those authors—questions about the maturity of property rights.

For my part, the doctrine that seems to address small component/large assembly holdout problems most forthrightly is the equitable defense of undue hardship—as discussed in the 2006 U.S. Supreme Court decision *eBay v. MercExchange*.¹⁹ And undue hardship underscores how important claim communication is in IP law and policy. When it becomes easy for patent-infringing defendants to plead undue hardship, the undue hardship defense destabilizes clear property rights in patents. As Adam Mossoff and I have explained elsewhere, patents make IP rights in inventions far clearer and more certain than they would be under the law of trade secrecy.²⁰ That clarity and certainty help not only patent owners but also prospective competitors and

¹⁷ *Id.* at 443-44.

¹⁸ *Right on Time* describes the owners of abusive patents as "patent trolls." Oliar & Stern, *supra* note 1, at 440. Although *Right on Time* is far from the first article to have used that phrase, the phrase detracts from the article. The phrase is conclusory and polemical, and it does not identify clearly any specific entities or behavior deserving of condemnation.

¹⁹ 587 U.S. 388 (2006).

²⁰ Adam Mossoff & Eric Claeys, *Patent Injunctions, Economics, and Rights*, 49 J. LEG. STUD. (forthcoming 2020) (manuscript at 7).

licensees; clear property rights help all of these parties identify the parties with whom they need to bargain to acquire access to useful IP. Injunctions contribute to that clarity and certainty; when courts presume that ongoing infringement should be remedied with injunctive relief, they warn people who do not own patents that they may use patented inventions only on terms satisfying to the owners of the relevant patents. But when undue hardship doctrine comes to seem a forum in which an infringer may plead justification for disregarding a patent, it encourages people who do not own patents to violate patent rights and gamble that they can avoid injunctive relief.