FAILED FIRST POSSESSION AND THE PERMANENT PUBLIC DOMAIN

MOLLY SHAFFER VAN HOUWELING*

Is it a good idea to think of intellectual property as property? It may seem like an odd question to those unfamiliar with the field and its policy and academic debates. We're talking about intellectual *property*, after all. But the use of that umbrella term for fields of law including copyright, patent, and trademark is controversial. Owners of the rights created by those bodies of law and their advocates tend to embrace the term, using the "property" characterization to argue that these rights should be stronger and more vigorously enforced.[1] Others reject the property characterization, emphasizing that rights associated with copyrights, patents, and trademarks are, and should be, more limited than the rights of owners of tangible objects.[2] Advocates and scholars in this group worry about the rhetorical force of property-based arguments, sensing that they tend to prompt facile thinking that overlooks how the law governing intellectual creations does and should differ from the law governing tangible things. They recoil from the idea that the law governing intellectual works would give owners the type of control widely associated with the notion of property—control often described in William Blackstone's words as "sole and despotic dominion."[3]

A third group of advocates and scholars embrace the property paradigm but emphasize that property rights are always contingent and contextual, and that the rules governing the acquisition, scope, duration, and transfer of property rights are always shaped by policy concerns.[4] A nuanced view of property, according to this view, can enhance rather than distort conversations about rights in intellectual creations. And insights from "intellectual property," can—in turn—benefit our thinking about the law governing tangible things.

* Harold C. Hohbach Distinguished Professor of Patent Law and Intellectual Property, University of California, Berkeley School of Law.

[1] *See, e.g.*, Richard A. Epstein, *The Disintegration of Intellectual Property? A Classical Liberal Response to a Premature Obituary*, 62 STAN. L. REV. 455 (2010).

[2] *See, e.g.*, Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 2031 (2005).

[3] 2 WILLIAM BLACKSTONE, COMMENTARIES *2.

[4] *See, e.g.*, Michael A. Carrier, *Cabining Intellectual Property Through a Property Paradigm*, 54 DUKE L.J. 1 (2004); Peter S. Menell, *Governance of Intellectual Resources and the Disintegration of Intellectual Property in the Digital Age*, 26 BERKELEY TECH. L.J. 1523 (2011).

In *Right on Time: First Possession in Property and Intellectual Property*, Professors Dotan Oliar and James Stern exemplify and bolster the third approach.[5] They demonstrate how a nuanced understanding of the rules governing initial acquisition of property rights in tangible things—rules that often turn on the deceptively complicated question of who was the first to possess the thing in question—can help us both to explain and critique the rules governing acquisition of intellectual property rights. Oliar's and Stern's observations about intellectual property can usefully be brought to bear on tangible property as well.

I am a fan of this third approach. Parts of this Post draw on my own most recent attempt to practice it—a chapter on "Intellectual Property as Property" in the new *Research Handbook on Economics of Intellectual Property Law*.[6] In that chapter, I express the view that the law of tangible property can be an important source of insights about both the benefits and costs of granting people rights to control the use of valuable resources, and about the various ways those rights and corresponding remedies can be structured. But this doctrinal arbitrage should, of course, be done with caution. To properly apply lessons from tangible property law to intellectual property requires careful attention to the special characteristics of the subject matter in question and the specific environments in which intellectual property rights are exercised.

One of the many contributions that Oliar and Stern make to our understanding of intellectual property is to drive home this point by reminding us that, even in the tangible realm, the nature of the thing to which rights attach does and should make a difference to the rules about how property rights are acquired.[7] The rules of acquisition by first possession sensibly differ depending on whether the thing at issue is a fox or a whale—indeed, even depending on what kind of whale it is![8] In particular, the nature of the resource helps to determine the most sensible answer to the question of *when* a pursuer of a resource should be deemed to "possess" it and therefore to qualify as its initial owner. Is investing in the chase and being in hot pursuit enough to give the chaser priority over a "saucy intruder," or is actual capture required?[9] Oliar and Stern summarize the consequences of this choice this way:

---

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

[6] Molly Shaffer Van Houweling, *Intellectual Property as Property*, *in* 1 RESEARCH HANDBOOK ON THE ECONOMICS OF INTELLECTUAL PROPERTY LAW 2 (Ben Depoorter & Peter S. Menell eds., 2019).

[7] Oliar & Stern, *supra* note 5, at 415-17 (discussing relevance of various contextual factors that shape trade-offs between costs of early and late awards of property rights).

[8] *See id.* at 417.

[9] Pierson v. Post, 3 Cai. 175, 181 (N.Y. Sup. Ct. 1805) (Livingston, J., dissenting) ("But who would . . . pursue the windings of this wily quadruped, if . . . a saucy intruder, who had not shared in the honours or labours of the chase, were permitted to come in at the death, and bear away in triumph the object of pursuit?").

> On the one hand, when exclusive rights vest early in the process of ultimate appropriation and use, there is a risk those rights will be awarded to a party who will ultimately fail to capture and use the resource. On the other hand, when exclusive rights vest late in the process, there is the danger either of a longer period of potentially wasteful investment by parties competing to own the resource or of potential capturers opting to stay home because of the risk of losing investments prior to capture—especially to free-riders profiting from the work they have done. At its core, first possession presents an ever-present tension between two recurring sets of opposing concerns . . . .[10]

As Oliar and Stern persuasively argue, the risks posed by early or late vesting vary depending on the nature of the resource at issue and the context surrounding investment in aquiring the resource.[11] The heart of the article explores how analogs to first possession in patent, copyright, and trademark reflect a balancing of these risks (and how they could be improved to better strike the balance). The central inquiry is "the optimal timing of an award of property rights."[12]

This is an important question. In tackling it, Oliar and Stern make a major contribution to our understanding of both tangible and intangible property. Like all good articles, "Right on Time" also generates questions for readers to explore in light of its insights. I'll consider just one of those questions here: what are the consequences of *failed* first possession?

In the tangible realm, the consequences of failed first possession are typically clear: if no one has yet successfully established first possession (however that may be defined), then the resource is still up for grabs—available to be owned by the first person to achieve possession. So, for example, if it hadn't been for the lucky shot by saucy intruder Pierson, the fox might subsequently have been captured and owned by someone else.

In the intellectual property context, by contrast, it is possible for a failed or incomplete attempt at possession to make a work of authorship or invention forever unownable by anyone. Consider this in the context of patent. As Oliar and Stern make clear, the culmination of the journey to possession of a patentable invention is the issuance of a patent, which requires a timely and otherwise valid patent application.[13] Some failed attempts to achieve this analog to possession leave open the possibility that someone else will be the first to "possess" that invention. This includes, for example, the failure to develop a technology sufficiently to satisfy the utility requirement for patentability. A subsequent inventor's further development of that technology may be distinctive enough to qualify for patent protection. But other failed attempts to "possess" an invention may instead inject the invention into the

[10] Oliar & Stern, *supra* note 5, at 401 (footnotes omitted).

[11] *Id.* at 399.

[12] *Id.* at 401.

[13] *Id.* at 422.

public domain forever. If, for example, an inventor does not file a patent application within a year of the first public use of that invention, that invention cannot thereafter be patented by the inventor or anyone else.[14] It has permanently entered the public domain. For the first two-plus centuries of U.S. copyright law, a similar situation obtained: works that were published without proper notice entered the public domain and could not thereafter be captured for copyright purposes by their authors or anyone else.

Can these IP doctrines be squared with first possession theory? Indeed they can, if we are attentive to both the purposes served by first possession rules and the distinctions between tangible objects and intellectual works. What *are* the purposes served by property acquisition rules based on first possession, which Oliar and Stern describe as a "bedrock principle of property law"?[15] This is a surprisingly difficulty question. Leading scholars of tangible property law do not find the justifications for first possession as the root of property self-evident or unassailable. Indeed, they have struggled with this question, citing a variety of only somewhat-satisfying rationales in an effort to help explain the importance and meaning of possession as applied to particular property controversies.

Consider Professor Richard Epstein's qualified defense of first possession as a rule for allocating initial rights in tangible resources. In his classic article, "Possession as the Root of Title," Epstein contrasts the rule with what he sees as the only alternative—initial common ownership coupled with a system of public control to "decide how the rights in question are to be packaged and divided amongst individuals."[16] In light of the challenges of establishing such a system and the potential for its abuse, Epstein argues that "[o]n balance the case tilts strongly for the first possession theories, whatever their infirmities."[17] In other words, we need some mechanism for allocating property rights, and first possession is better than the alternative.

Note that this defense of first possession as the superior method for allocating property right relies on the assumption that it is desirable for tangible objects ultimately to be owned by someone. That usually makes sense in the realm of tangible property, where unowned resources are subject to tragic overuse. By contrast, once an invention or work of authorship has been created, its nonrivalrous nature means it is not subject to dissipation. It therefore makes perfect sense in these intellectual property contexts that failure adequately to possess something does not necessarily make that thing subject to ownership by one's rivals, but might instead deliver it permanently to the public domain.

Note that not all forms of intellectual property have the feature of falling inexorably into the public domain when inadequately claimed. For example,

[14] *See* 17 U.S.C. § 102 (2018).

[15] Oliar & Stern, *supra* note 5, at 404.

[16] Richard A. Epstein, *Possession as the Root of Title*, 13 GA. L. REV. 1221, 1239 (1979).

[17] *Id.* at 1238.

abandoned trademarks can be reclaimed by new owners who use them in commerce as source identifiers (which is the rights-triggering analog to possession in the trademark context, as Oliar and Stern explain). So too for potential trademarks that were unsuccessfully claimed by merchants who had not used them enough to qualify for protection. In these ways trademarks are treated like nearly captured foxes, where patents and copyrights are not. This too makes sense if we keep in mind key distinctions on the dimension of rivalrousness. Trademarks are unusual within the intellectual property realm in the degree to which they are subject to congestion externalities—that is, they are subject to overuse. Although it is possible for many people to use the same trademark, if they do it is likely to lose its value as a trademark. Trademarks are effectively rivalrous resources. Their value can be maintained (and rebuilt) only if they are kept out of the public domain of indiscriminate use.

In sum, looking to the role of possession in the law of tangible property helps to explain analogous mechanisms of rights acquisition in the realm of intellectual property, and to diagnose their shortcomings. Oliar and Stern use this technique to answer some questions and to suggest that we explore others—including the question of the consequences of failed attempts at possession. These consequences differ between intellectual and tangible property in ways that make sense in light of the types of distinctions that Oliar and Stern remind us to examine as we carefully apply property insights in the intellectual realm.