DOES IT MATTER WHETHER INTELLECTUAL PROPERTY IS PROPERTY?

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Every now and then, the rather discrete and insular world of scholars who care about intellectual property rules turns its collective attention to whether intellectual property is really property at all—or, to put the matter consistently with the vagaries of the field, whether intellectual property (whatever that is) is property (whatever that is) in the same sense that other things are property (whatever that is).1 Professor Brennan’s rather refreshing paper2 provokes these thoughts, confusing though they may sound, because it is another effort to ask the same question, albeit from a different direction. I will comment not so much on his analysis, which, for the most part, seems to me correct,3 as on some of the implications of the debate itself.

As I said, scholars write about whether intellectual property is property. Nobody else seems to care. Certainly practitioners and judges—the traditional audiences for legal scholarship—are more concerned with the proper adjustment to Section 103 of the Patent Act to take account of university research styles than with whether what those university researchers happen to discover is properly considered “property.”

The usual academic habit is to put down the lack of professional concern for scholarly pursuits to the different frames of mind that are said to characterize the academy and the profession. In this case, however, the profession may be on to something that those of us who worry about the property problem may be missing. Perhaps it doesn’t really matter if intellectual property is property in the same sense in which other things are property.

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3. I should note that I do not agree with Professor Brennan that excludability is among the least attractive aspects of property, whether the property of which we speak is of the tangible or the intangible variety. Excludability, in fact, is the genius of property; our willingness to presume it rather than putting owners of most forms of property to their proof is a great advantage of our system.
This sounds very confusing because it is very confusing, which is why a few clarifications are in order. *Property*, quite famously, is only a legal conclusion. In theory, the term does not refer to any object or to any necessary set of legal rights that always inheres in a property relationship. Instead, the term refers to a bundle of rights—rights that define, singly or collectively, the relationship of an individual to a resource. Sometimes the particular rights in a bundle may be spread among many individuals. I may own a piece of land in fee simple but you may hold an easement over it and a third party might have a leasehold. All are part of the bundle.

Still, as Jeremy Waldron among others has pointed out, it is our *conversational* habit—lawyers and nonlawyers alike—to talk about an *owner* of a resource as though the term does have a legal significance. In the example just given, nearly everybody would refer to me as the owner of the land, even though others might possess certain rights to it.

The conversational instinct matters because it suggests a presumption that choosing the single owner matters. And although legal theorists certainly know that the choice of which sticks in the bundle to give to whom can be described as fulfilling any of a variety of functions—efficiency, distributive justice, and the like—it is our conversational habit to presume that once we know who the owner is, that owner holds all the rights to the piece of property unless, for good cause shown, some particular right is taken away. Laws against trespass may not be enforced with the rigor that created some of the more interesting cases for the tort casebook, but the conversational instinct remains: if I am the owner, my right to exclude others is nearly absolute.

Thus, there are two different senses in which one might use the term property. The legal theorist will refer to property and mean the relevant set of legal relations. In ordinary language we will refer to property and have in mind a thing, a *res*, which implies an owner. Rarely do the two senses come into conflict, although when they do, we get the more interesting cases for the property casebook.

Yet the conflict—or, more properly, the tension—is real. True, even Lockean property theory is not a pure natural law theory; Locke’s vision was that property rights should inhere in the act of creation because that was how one would provide incentives to create. Yet it is useful to contrast the vision of property rights as adhering in creation from the vision of property rights as existing for other instrumental purposes. The contrast matters because if creation of a thing implies a property right in it,
then the identity of the thing is less important; the more instrumental one's conception, the more the range of rights will vary with the perceived societal benefit of the production of the particular thing.

Our legal theory is premised on the instrumental conception of property rights, but our conversational habits are not. In ordinary conversation, we indulge an instinct that property rights are like other aspects of autonomy—vital, personal, and irreducible. That individualistic, almost libertarian, vision motivates both anti-tax agitation and pro-reproductive choice fervor: What's mine is mine and the state can't take it away. It explains why Americans believe they have the right to shoot trespassers in private homes and to sell their own labor to the highest bidder.

Intellectual property owners, however, do not enjoy the presumption that others do. Intellectual property rules are deeply bound up in incentive structures—a point, perhaps, less teleological than communicative in nature. In other words, it may be that intellectual property rules do not reflect the ownership presumption because there is something unique about intellectual property itself that dictates a different set of considerations, but it is also possible that intellectual property rules tend to be different because we lack the guidance (and discipline) of coping with ordinary conversation about intellectual property. There isn't any ordinary conversation about intellectual property. Those who have no professional reason to be involved with it rarely think about it. (We tend to covet fancy homes, not valuable patents.)

And because there is no conversational discipline to force us to think of intellectual property in terms of commonsense everyday categories, we tend to think of it in ridiculous categories instead. This explains, for example, why courts and commentators constantly refer to intellectual property rights as monopolies—all right, limited monopolies—even though the typical proprietor of intellectual property lacks the market power (and often, as Edmund Kitch has noted, the incentive\(^5\)) to extract monopoly rents. But fooled by the inadequacy of the language used to describe intellectual property rights, the courts have treated them as presumptively dangerous, to be limited and hemmed in at every turn, lest the proprietors of these "monopolies" wreak havoc in the markets. This explains the development of such dubious doctrines as intellectual property misuse (lately broadened beyond the patent field where it originated), through which A may defend against B's infringement by

claiming that she would have purchased a license except that the plain-
tiff, B, was charging too much money. The doctrine, of course, has no
property analogue: A cannot obtain an easement across B's property by
explaining to the Court that she would have bought one, but B wanted
too much money. The notion would fly in the face of the conversational
discipline that governs the way we talk about most forms of property.

Still, even if we did tend to talk about and think about intellectual
property the same way that we talk about and think about other prop-
erty—even if we successfully avoided the monopoly trap—the law might
be less different than is commonly supposed. Indeed, for the most part,
beginning an analysis of intellectual property rules with a presumption of
property instead of a presumption of dangerous monopoly would affect
the law only at the margins.

There are some obvious patent law changes. Patent terms might be
different—indeed, there would be no reason to limit them—but then, no-
body has offered a convincing theoretical justification for the historical
accident that sets them at 17 years. The consistent view that mathemati-
cal algorithms are not patentable, no matter how much investment might
have been required to produce them, would be overturned. It is con-
ceivable that the ability of non-licensees to use the patented invention in
certain forms of experimental research would be curtailed. The patent
misuse defense, one of the most embarrassing aspects of current patent
doctrine, would be relegated to where it should be anyway: the field of
antitrust, where it would be studied, correctly, as a barrier-to-entry prob-
lem. And, as Frank Easterbrook has pointed out, the states would be
free to do what under current law they apparently cannot: to fill in the
gaps of federal design patent protection with additional rights.

Copyright law would probably show greater differences, for we
would surely continue our march toward a recognition of the creator's
moral rights, with all the difficulty and complexity that recognition en-
tails. We might also be less finicky about whether creativity implies


8. For discussions of this doctrine, see Rebecca S. Eisenberg, Patents and the Progress of Science: Exclusive Rights and Experimental Use, 56 U. CHI. L. REV. 1017 (1989); Jordan P. Karp, Note, Experimental Use as Patent InfringemenL The Impropriety of a Broad Exception, 100 YALE L.J. 2169 (1991).

something other than "sweat of the brow," adopting something more akin to the patent standard under which creativity is not negatived by the way in which the invention is made. (Whether A owns the oil discovered on her land does not depend on whether she was looking for it or stumbled across it.) And copyright misuse, a bad copyright version of a bad patent idea, would also be consigned to the antitrust field.

The most intriguing changes, however, might be in the field of fair use. In particular, the fair use literature would benefit from an appreciation of Professor Brennan's observation that the creator of a work of intellectual property must be able to capture a portion of even unanticipated gains, because the anticipation of the unexpected is itself a part of the creative calculation. Precisely what it is that generates the creative impulse is of course a matter of some considerable debate, some of it scholarly, some of it what might be called aesthetic. But whatever the many components that lead the author to say I will do it, one of them, often if not always, is the hope of economic gain. With the rare exception of the best-selling novelist (where many book advances never earn out), substantial economic gain is far from assured. Its very components may be unknown. Consequently, it is impossible for the creator to calculate with even very rough precision the amount that will be realized. Instead, the creator must act, as it were, on hopes and dreams. Restricting the ability of the creator to appropriate gains because they were not contemplated at the time of creation, then, frustrates precisely what is, in the creator's mind, moving the consideration of gain—the imagination. For just as the creator imagines the work, the creator imagines the gains. Reducing the scope of either form of imagination potentially reduces the incentive to create.

Equally important, the fair use field would continue to move toward a greater sensitivity to the market effects of a particular use that the creator says is infringement and the copier says is privileged. The Supreme Court, despite much criticism, has recently, and sensibly, treated the effect on the market for the copyrighted work as the most important of the

13. An advance is an amount of money paid by a publisher to an author in anticipation of royalties. If the royalties exceed the advance, the advance is said to be earned out and the publisher must pay the difference to the author. If the advance exceeds the royalties, it is said to not earn out, but the author need not repay any of it to the publisher. For a thoughtful account of the economics of these advances, see [Hansmaan & Kraakman, recent article in JOURNAL OF LAW, ECONOMICS AND ORGANIZATION].
four statutory factors. Although commentators have excoriated the Supreme Court for purportedly failing to take into account other societal interests—such as the interest in the dissemination of information—a conversational habit that begins with the property presumption might be too much for even so admittedly significant an interest to overcome. After all, our great societal interest in allowing everyone to enjoy the great outdoors allows the government to buy private land and turn it into parkland, or to allocate land it already owns for that purpose, but does not allow A to trespass on private land in order to enjoy the view.

Finally, consider the area of trademarks. In the American tradition, trademarks bear so few of the indicia of property that many intellectual property courses omit them entirely. It is not clear, however, that this is a sensible choice. Certainly, one may conceptualize trademarks as property in the Lockean sense, in the same way that one may conceptualize copyrights and patents in that way: they protect the creator's right to the intellectual products of the mind. Put otherwise, the bare fact that the creator has brought the res into existence is the reason for its protection.

In American law, of course, it is axiomatic that trademarks are not property in this sense. At common law and, for the most part, in federal statutory trademark law as well, rights in a mark are said to flow from its use, not from its existence. This is because a mark is protected only to the extent that it distinguishes the owner's goods. That is why the proprietor of a mark ordinarily may enjoin only third parties that are in actual competition with the trademark proprietor. That is why trademarks cannot be assigned without the underlying goodwill, and why a mark that is not used for two consecutive years is presumptively abandoned.

But if trademarks were entitled to the property presumption, much of this settled law would be swept away. If A's ownership rights in a


15. For an example of the argument that trademarks are not property, see Kenneth L. Port, The Illegitimacy of Trademark Incontestability, 26 Ind. L. Rev. 519 (1993).

16. See generally Stephen L. Carter, The Trouble With Trademark, 99 Yale L.J. 759 (1990). Under the 1988 revisions to the Lanham Act, an application for trademark registration may be filed before the mark is actually used in commerce; however, the mark cannot be registered until it is used in commerce. 15 U.S.C. § 1051(b) (1992). See also 15 U.S.C. §§ 1060, 1071(b)(1) (1992) (limiting rights of applicants under § 1051(b)).

17. Whether the parties are actually in competition may not be dispositive if the plaintiff can demonstrate some intention to "bridge the gap". See Donald S. Chisum & Michael A. Jacobs, Understanding Intellectual Property Law § 5F[1][a][iv] (1992). Cf. Scarves by Vera, Inc. v. Todd Imports Ltd., 544 F.2d 1167, 1171 (2d Cir. 1976) (discussing plaintiff's contemplation of bridging the gap).


19. See id. § 1127.
mark come because she has thought it up and not because she has used it to distinguish her goods in commerce, there is certainly no reason to make her use it before she has any rights. On the contrary, what is commonly known as the "warehousing" problem—firms trying to prevent competitors from using marks that they themselves are not currently using—would cease to be a problem at all. A firm would have the right to exclude the world from using as many marks as it might create.

The Trademark Law Revision Act,\textsuperscript{20} enacted in 1988, provided that a firm may apply for registration prior to making any use, and has been criticized by some commentators—including myself—for moving us in the direction of a property-based rather than an incentive-based trademark system. But perhaps it is not such a bad idea after all. The Act allows applications prior to use but requires use prior to registration. Yet, why not allow registration without use? Certainly, to do so would begin to create a new conversational habit in which we would call trademarks property.

Moreover, the move toward thinking of trademarks as property would at last make sense of the Supreme Court's decision last spring in \textit{Two Pesos, Inc. v. Taco Cabana, Inc.}\textsuperscript{21} In that case, the Justices held that a federal unfair competition lawsuit—a suit under § 43(a) of the Lanham Act—could be brought by A for B's use of a confusingly similar restaurant decor, even if nobody actually identified A's restaurant by its decor. In other words, B can't copy A's decor because the decor is distinctive—it makes no difference whether a public understanding of whose decor it is, what the law calls "secondary meaning," exists.

Critics have jumped all over this decision, too, mainly on the ground that it ignores or complicates the incentives that trademark theory supports: A need not invest in gaining any public understanding that her decor signifies her restaurants. Indeed, A need not even register. All she need do is show that her restaurant had the decor first and B's restaurant copied it. And that, it is said, moves us toward a world in which rights to marks flow from their creation rather than their use.

But perhaps we should say, \textit{So what?} How simple and elegant it would be to conclude that secondary meaning is unnecessary because the first to appropriate the mark owns it; owns it not because of its representational nature, but because it is a product of the mind. Justice Thomas's opinion concurring in the judgment took essentially this position: "[T]he first user of an arbitrary package, like the first user of an arbitrary word,

should be entitled to the presumption that his package represents him
without having to show that it does so in fact.”

Put otherwise, the first user thought of it, so the first user owns it. This approach would take the
Court on trademarks where it has already gone on copyrights: in the
direction of less concern with the “rights” of the public and more con-
cern with the property of the owner.

Finally, there is the problem of the generic mark. Under current
law, a mark that is generic may not be removed from the market lan-
guage; it cannot become a trademark. Instead, it must remain free to be
used by all as a truthful name for the goods or services to which it ap-
plies. Moreover, a trademark, even a very successful one, can become
generic, should it lose its distinctive character and become an ordinary
part of the market language. This change in status, sometimes referred
to as genericide, has befallen any number of famous marks, such as aspi-
rin, elevator, thermos, and cellophane.

Were property rights in trademarks based on the act of intellectual
creation, the law would still forbid the appropriation of a generic word
from the market language: no intellectual activity would have gone into
its creation. But the matter of genericide might be treated differently—
although one wants to give the matter more thought. The public’s effort
to appropriate the mark would not change its status as the intellectual
creation of a particular individual.

One might argue, of course, that the public should be able to take
the mark by a process not unlike adverse possession or perhaps eminent
domain. Adverse possession, however, seems the wrong analogy, at least
in the case of a mark whose owner is actively promoting and protecting
it. Eminent domain—taking the mark from its owner for the perceived
needs of the public market language—is a far stronger analogy. But if
genericide is like eminent domain, then the rest of the takings equation
must follow as well: the owner should be compensated for the value of
the property lost!

In short, if trademarks were property, the public would have to pay
for its linguistic sloppiness—literally pay, in cash, to compensate the
owner. This might seem at first blush a bit unfair to the public, but, if
trademarks were property, consider the unfairness to the owner at the
other end. The owner has, by hypothesis, invested in the mark and, for a
time, even acquired goodwill in it. Now the public, liking the result of
the investment (the mark) as well as the goods or services to which it has
been attached, decides that the owner should no longer hold the exclu-

22. *Id.* at 2767 (Thomas, J., concurring).
sive right to the mark— not for any carefully worked out reason of social or economic policy, but simply for linguistic convenience.

Were the mark a piece of tangible property—a painting, say—it would be perfectly plain that the public could not, without compensating the owner, take the painting and place it in a museum, beyond the owner's control, simply because the painting had an aesthetic appeal. That a trademark is an intangible public good should not (if one believes the property rationale) make it easier for it to be taken for a public use.

Of course, one need not believe in any of the property rationale. One can conclude that the incentive theorists have always been right, certainly about trademarks, perhaps about the rest of the world of intellectual property as well. But a conclusion is not an argument. Our instincts about tangible property often seem more rooted in a conception of natural law than in what some consider more sophisticated incentive and distributional theories. Tangibility, however, is an accident; not all that is created can be touched. In the years to come, as demand grows for the development of new inventions and marketing tools to meet the challenges of a changing world, we may yet have cause to regret our rigorous insistence that deciding whether or not to think of something as "property" turns in an important way on whether or not we can touch it.