Computer Programs As Applied Scientific Know-How: Implications of Copyright Protection for Commercialized University Research

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I. Overview

The extent to which universities should seek to profit from commercial exploitation of their research output became a controversial issue in the 1980s even with regard to technologies that intellectual property law had traditionally been willing to protect. During this same period, university scientists and engineers have made extraordinary progress in non-traditional technologies that deviate from established patterns of academic research and that fall outside the basic subdivisions of the world’s intellectual property system.

The bulk of today’s most valuable innovations flow from incremental improvements in applied scientific know-how. Products of new technologies that embody this know-how seldom behave in a manner consistent with the standard assumptions underlying the international patent and copyright systems. Legislative and judicial efforts to adapt domestic intellectual property laws to accommodate these new technologies have led to a proliferation of ad hoc protective solutions in all industrialized countries. However, these attempts to stimulate investment in innovative industries by tinkering with traditional intellectual property laws are shortsighted and they tend to substitute problems of chronic overprotection for those of chronic underprotection. In the long run, the cumulative disadvantages of these responses threaten to inhibit the very forms of innovation they are meant to promote.


2. Because of rapid scientific breakthroughs in biotechnology research sponsored by universities, the field of biotechnology has triggered the most intense pressure for cooperation between universities and private industries. See, e.g., D. Nelkin, supra note 1, at 7 (noting that “much of the discussion about intellectual property has come to focus on the commercialization of biomedical research”); B. Reams, supra note 1, at ix-x. But biotechnology is just one entry in a growing list of both old and new technologies that are served inadequately by patent and copyright laws as historically conceived and applied. Prominent on this list are computer technologies, data bases, industrial designs, pharmaceuticals, and methods of medical treatment. See, e.g., K. Hodkinson, Protecting and Exploiting New Technology and Designs 72-100, 121-47 (1987); see infra text accompanying notes 84-114.


Meanwhile, a proliferation of protective legal devices has created unprecedented opportunities for universities to commercialize their collective research agenda. Current methods of combining copyright, patent, and trade secret laws to protect computer programs, for example, illustrate legal strategies that university administrators can apply to a broadening range of innovative techniques. Reliance on these same strategies to protect faculty-generated software, however, can embroil administrators in thorny disputes concerning ownership of the research product and the scope of protection that their proprietary rights should command. Administrators may also require strict internal and external arrangements to prevent theft of trade secrets, and they may need to participate in spin-off corporations in order to maximize returns from derivative works. Universities that systematically seek to commercialize applications of scientific know-how will thus need to develop a rather different set of practices and procedures from those customarily employed to protect either patented research or copyrighted works of a more traditional character.

A university that uses copyright law to protect its contributions to technological innovation will find that the tension between this mode of protection and traditional academic values is far more subtle and complex than in the past. The growing propensity of universities to exploit proprietary rights in new technologies, moreover, is leading to closer cooperation with industry than was thought suitable in the past. Many faculties and administrators have consequently jettisoned the set of basic restraints and guidelines that a group of leading university presidents had tried to affirm as late as 1982.

This Article surveys the problems that university administrators face when seeking to exploit proprietary rights in new technologies, with particular regard to computer software. In so doing, it explores larger questions about the proper role of intellectual property laws in protecting applied scientific know-how and the proper role of universities in exploiting the opportunities that such laws increasingly make

6. See infra text accompanying notes 170-368.
7. See infra text accompanying notes 181-223.
8. See infra text accompanying notes 224-313.
9. See infra text accompanying notes 314-68.
II. COMMERCIALIZED UNIVERSITY RESEARCH IN A PROMISSCIOUS LEGAL ENVIRONMENT

A. The Minimalist Putsch at Pajaro Dunes

Since the mid-1970s, public opinion in the United States and most other industrialized countries has regarded the temporary monopolies of patent and copyright law more favorably than during the previous two decades. This improved climate soon began to affect the way uni-


According to Professor Kitch, whose reorientation in 1977 spearheaded this shift, the patent law with its prospecting function actually provided a structural and organizational foundation for the efficient allocation of resources in the research and development environment. Kitch, supra, at 276-81. What Professor Beier calls the "close and quite startling correlation between economic freedom, industrialization and patent protection" was thus rediscovered, perhaps because of competition from Japan, which had operated within the confines of a patent system. Beier, Government Promotion of Innovation and the Patent System, 13 Ind. Rev. Indus. Prof. & Copyright L. (IIC) 545, 547 (1982) [hereinafter Beier, Government Promotion]; see also Brooks, supra note 10, at 54. This rediscovery produced a growing conviction that the patent system inherently promotes the public interest, as the United States Constitution implies, and does not merely interfere with free competition through the creation of monopolies. See, e.g., R. Benko, PROTECTING INTELLECTUAL PROPERTY RIGHTS—ISSUES AND CONTROVERSES 17-19 (1987); H. Ullrich, STANDARDS OF PATENTABILITY FOR EUROPEAN INVENTIONS: SHOULD AN INVENTIVE STEP ADVANCE THE ART? 101-05, 111-13 (1977); Adelman, supra, at 980-81; Beier, Government Promotion, supra, at 546-51.

Recent attempts to justify the intellectual property system under conservative economic theory have elicited a surprisingly protectionist literature from circles that were historically opposed to any such derogations from the norms of free competition. See, e.g., Landes & Posner, An Economic Analysis of Copyright Law, 18 J. Legal Stud. (forthcoming); Lehman, The Theory of Property Rights and the Protection of Intellectual and Industrial Property, 16 Ind. Rev. Indus. Prof. & Copyright L. (IIC) 525 (1985); Lunn, The Roles of Property Rights and Market Power in Appropriating Innovative Output, 14 J. Legal Stud. 423 (1985); see also Landes & Posner, Trademark Law: An Economic Perspective, 30 J.L. & Econ. 265 (1987). Nevertheless, attacks on the intellectual property system as a whole or its constituent parts recur at frequent intervals. See, e.g., Breuer, The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs, 84 Harv. L. Rev. 281 (1970); Mandeville & Macdonald, Innovation Protection Viewed from an Information Perspective, in Direct Protection of Innovation 157 (W. Kingston ed. 1987) [hereinafter Direct Protection] (arguing that innovation as such should not be protected and that "the patent system works only because it does not work: . . . its very weakness is its real strength"); Oddi, The International Patent System and Third World Development: Reality or Myth?, 1987 Duke L.J. 831; see also R. Benko, supra, at 19-25 (noting the views of those hostile to intellectual property protection); Adel-
versities viewed intellectual property. Historically, academic investigators had disdained the patenting of research results on the ground that they were paid to disseminate knowledge to the public. By the 1980s, however, as the magnitude of government support diminished in response to changed economic conditions and the value of endowments in real dollars continued to shrink, university administrators found it increasingly difficult to fund research by traditional means. The patenting of research results afforded universities a self-help opportunity to share in the profits that industry reaped from the work of their faculties and staffs—sometimes with spectacular results—while contributing to a nationwide drive for greater competitiveness on international markets.

Once the universities began to re-evaluate the impact of patents on their educational mission, they discovered that tensions between the dissemination of basic research and the protection of applied technical ideas were not unmanageable. This was especially true under United States patent law, which provides a one-year novelty grace period that enables investigators both to publish and to patent their research results with careful timing.

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man, supra, at 979-80 n.1 (citing recent articles critical of patent system).


16. See, e.g., id. (noting that universities in search of replacement funds turned inward and examined the commercial potential of inventions by faculty and staff). Participation in the fruits of that research may be the surest way, in the long run, to offset the loss of big donations from large sources of capital that become harder to find under the new income tax laws.

17. Consider, for example, the University of Wisconsin's patent on the process for activating Vitamin D; Indiana University and stannous fluoride (Crest toothpaste); and the University of Florida and Gatorade. D. Dickson, supra note 14, at 90-91. Dickson observes, however, that 12 of 36 universities polled by the Association of American Universities reported actual losses on patent-licensing operations. Id. at 91.

18. See, e.g., D. Neskin, supra note 1, at 2; Brooks, supra note 10, at 52-53.

19. 35 U.S.C. § 102(b) (1992); see, e.g., Kitch, supra note 12, at 287 (suggesting that disclosure is actually encouraged, as a way to attract licensees); Lesser, supra note 15, at 360-61 (noting that the patent system permits academics to reveal invention without fear of copying). Contrast this regime with the one in the European Community, in which no novelty grace period exists. See 2 D. Chisum, PATENTS § 6.02 (1988); Beier, Government Promotion, supra note 12, at 564-65; see also Winner, Practical Effects of the Patent Co-operation Treaty and the European Patent Convention on Domestic Technology Management and Patent Practice, 82 J. Pat. Off. Soc'y 419 (1980).
Some commentators also argued persuasively that the patenting of university inventions advanced the public interest regardless of the academic scientists’ access to public and private funds donated to finance basic research. As Professor Beier explained in 1982, technical and economic progress requires that the research and development phase should lead to “industrial application and dissemination of new technical knowledge.” Investors, however, will not readily arrange the transfer of new technology from the laboratory to industry without obtaining exclusive rights that prevent competitors who do not share in the costs of research and development from duplicating patentable inventions. Not taking patents seriously, in other words, may mean that

20. Patenting seemed not to require secrecy so much as a carefully timed disclosure that exploited this novelty grace period in American law. See, e.g., In re O’Farrell, 859 F.2d 804 (Fed. Cir. 1988) (noting that pioneering studies published more than one year prior to filing provided virtually all of a biogenetic method to the public and rendered the inventors’ later claims obvious); National Semiconductor Corp. v. Linear Technology Corp., 8 U.S.P.Q.2d (BNA) 1359 (N.D. Cal. 1988) (holding that the submission of papers preceding a conference was not a general publication for purposes of 35 U.S.C. § 102(b) (1982), even though some engineers in competing firms had received it). Even a carefully timed publication, however, can limit the patentee's ability to obtain future or additional patents on modifications of the initial invention, because the publication will itself constitute prior art against the patentee, and the patentee may be denied a continuation in part to this extent. See, e.g., Massachusetts Inst. of Technology v. A/B Fortis, 774 F.2d 1104, 1106-07 (Fed. Cir. 1985); In re Ruscetta, 255 F.2d 687 (C.C.P.A. 1958) (discussing the “timing of disclosures”).

Patenting also required universities to avoid public use of the claimed invention more than one year before the filing of a patent application under § 102(b). A researcher's experimental use in the laboratory, however, may be privileged. See, e.g., TP Laboratories, Inc. v. Professional Positioners, Inc., 724 F.2d 965 (Fed. Cir. 1984) (holding that experimental use did not invalidate the patent); Moxness Prod., Inc. v. Xomed, Inc., 8 U.S.P.Q.2d (BNA) 1981 (M.D. Fla. 1988) (holding that “public use” of an invention at University of Minnesota Health Center violated § 102(b) as a matter of law and negated patentability); Korn, supra note 11, at 213-16.

The advantage of a patent application is that once filed, exploitation and academic dissemination can proceed together, arguably with an overall gain in efficiency. Even with this accommodation, however, some find academic duty irreconcilable with intellectual property protection of any sort. See N. WAIN, THE SCIENCE BUSINESS 27-40, 55-64 (Report of The Twentieth Century Fund: Task Force on the Commercialization of Scientific Research, background paper 1984); Weiner, supra note 14.

21. See Beier, Government Promotion, supra note 12, at 563; see also B. RUM, supra note 1, at 4; id. at 149 (arguing that “[j]oint research efforts in innovation can, if properly articulated, accomplish goals of mutual interest to both industry and the university—the improvement of society”). See generally D. BOX, BEYOND THE IVORY TOWER: SOCIAL RESPONSIBILITIES OF THE MODERN UNIVERSITY 155 (1982) (patenting is consistent with the university mission); H. ULRICH, supra note 12, at 105-06.


23. See, e.g., R. BENK, supra note 12, at 17-19 (noting that the patent monopoly compensates for market failure and addresses the problem of appropriability).

research results will not benefit the public at all, because dissemination through publication alone fails to complete the transfer to industry and will not necessarily elicit the investment needed to perfect it.25

Prodded by self-interest and this philosophy of convenience,26 universities began to move toward more systematic commercialization of their research output.27 By 1980, even Harvard University had announced plans to establish a company to exploit the genetic engineering advances that one of its own biochemists had pioneered.28 The Harvard faculty, however, rejected this proposal and its President, in cancelling the deal, warned about tainting the relationship between universities and their professors.29 As the public grew more concerned about the ethical consequences of commercialized university research, the presidents of several leading universities30 decided to exert a restraining influence on the evolving partnership between industry and the university.31

Gathered at Pajaro Dunes, California, in 1982, to contemplate the problems that commercialized discoveries in biotechnology were already posing for the academic enterprise as a whole, this group of university

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Brett, D. Gibson & K. Smilor eds. 1989)) (copy on file at Vanderbilt Law School); see also Morrison & Wetzel, Support Network for Faculty Spin-off Companies, in Blacksburg Conference, supra (advancing the venture capitalist's view that without intellectual property protection investments in development cannot be justified); Pajaro Dunes Statement, supra note 13, at 596.

25. Beier, Government Promotion, supra note 12, at 582. Beier stated: "Even though it would appear to be appropriate to make available R & D results financed by the government to everyone, by means of scientific publications, special information systems, technology clearing houses, etc., this approach has not been successful in practice." Id. (emphasis added).

26. See, e.g., Hackney, Prologue, in Partners in Research, supra note 10, at xi-xii (noting that the realities motivating commercialization of research—that universities cannot do research without funding and that corporations stay in business by making a profit—"are less likely to be brought out" than are the advantages of interaction); Lesser, supra note 15, at 370.

27. See, e.g., B. Rams, supra note 1, at 18-19; Weiner, supra note 14, at 59 (deploring that "[m]ore and more universities are adopting aggressive patenting policies"). Thus, the premise that patents promote the public interest in general has been widely interpreted to include university patents. Major universities expressly justify their increasing use of the patent system by appealing to their concern about "the public interest in potential new products and processes resulting from discoveries or inventions made by members of the (u)iversity in connection with . . . their (u)iversity activities." Harvard University, A Statement of Policy in Regard to Patents and Copyrights (adopted by the President and Fellows November 3, 1976, amended March 17, 1986) (hereinafter Harvard Statement).


29. Id.

30. See, e.g., Giamatti, Free Market and Free Inquiry: The University, Industry, and Cooperative Research, in Partners in Research, supra note 10, at 3 (remarks of A. Bartlett Giamatti, then President of Yale University); Gosselin, supra note 28, at 43 (discussing statements by Derek Bok, President of Harvard University).

presidents issued a now celebrated statement acknowledging that “applications of present knowledge can be foreseen that are likely to be of far-reaching benefit to people everywhere.” They nonetheless felt compelled to stress “the preservation of the independence and integrity of the university and its faculty,” both of which were “faced with unprecedented financial pressures and complex commercial relationships.” Moreover, the presidents found it necessary to reaffirm their obligation to ensure that universities “remain devoted to their primary goals of education and research, and that ... resources be properly used in the pursuit of these goals.” The Pajaro Dunes Statement then proceeded to sketch a set of guidelines to govern research agreements, patent licensing, and faculty relations with universities, in each case emphasizing the primacy of teaching and research responsibilities and the need to avoid conflicts of interest.

What emerged from Pajaro Dunes was the portrait of a university that feared the contamination of its academic goals through contact with industry and the introduction of the commercial ethos into the university environment. For present purposes, one may characterize such a university as “minimalist” in its approach to commercialized research. Minimalist universities do want to share in the proceeds of such endeavors, but they continue to believe that they are not in the business of selling technology for profit. Nor do they wish to become centralized think tanks within larger corporate chains of production that reach into the laboratories for new products to be delivered to the consuming public. The minimalist approach aims to preserve the freedom of university professors to publish and dispose of the fruits of their intellectual pursuits as they see fit. Whenever a potential conflict arises between corporate and university values in the commercialization of research results, the spirit of Pajaro Dunes calls for the latter to prevail.

32. Pajaro Dunes Statement, supra note 13, at 533.
33. Id.
34. Id.
35. Id. at 538.
37. See, e.g., Giamatti, supra note 30, in PARTNERS IN RESEARCH, supra note 10, at 4-7. But see Rosenzweig, supra note 31, in PARTNERS IN RESEARCH, supra note 10, at 37-39 (belittling the potential corruption of university goals by contact with industry in light of the potential for greater corruption that has existed since government began to dominate research funding).
B. New Directions in Legal Protection of Industrial Know-How

The wisdom of hindsight suggests that the Pajaro Dunes Statement was inadequate under the best of circumstances. To some, it appeared naive on its face, "a merely pious and platitudinous" declaration of ideals. The Statement was also grounded on the false assumption that universities would continue to be well served by the legal institutions of copyright and patent laws as they had operated in the past.

1. Inventions or Artistic Works—The Historical Models

Universities customarily retained a proprietary interest in patentable discoveries developed on their campuses and with their resources while relinquishing rights in the copyrightable literary output of their faculty members. Both legal institutions promote dissemination of research in different ways. Because copyright law lacks any novelty requirement, for example, the validity of a copyrighted work is not compromised by the mere fact of disclosure. Moreover, copyright protection does not obstruct the use of ideas, facts, discoveries, or research results as such. It pertains only to the form in which these are given expression; it protects expression only against copying, and it cannot protect against independent creation by another author who happens to reach the same conclusions. A "fair use" doctrine, codified in the Copyright Act of 1976, explicitly recognizes the right of later authors to

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39. See Rosenzweig, supra note 31, in Partners in Research, supra note 10, at 37 (attempting to parry the charge).
40. See, e.g., B. Reams, supra note 1, at 73-74; Pajaro Dunes Statement, supra note 13, at 536-37.
41. See, e.g., Dreyfuss, The Creative Employee and the Copyright Act of 1976, 54 U. CHI. L. REV. 590, 597-98 (1987); Muller, Academic Responsibility and Dependencies, 24 IDEA 141, 144 (1983); Indiana University Foundation, Patents, Copyrights, and Protection of Intellectual Property (1977); Vanderbilt University Faculty Manual 56-59 (1997); see also Hays v. Sony Corp., 847 F.2d 415, 416-17 (7th Cir. 1988) (treating the teacher exception to works-made-for-hire doctrine under 1909 Act as an established presumption).
44. 1 M. Nimmer & D. Nimmer, supra note 42, § 2.01[A]; see also Jones, Is There a Proprietary Interest in Scientific Research Data?, 1 HIGH TECH. L.J. 447, 453-58 (1986) (arguing that copyright law does not and should not protect scientific research).

The patent approach is also reconcilable with traditional goals of dissemination, even if it does require enough patent consciousness to time the filing of claims so as not to exceed the one-year grace period after initial publication.\footnote{See sources cited supra notes 19-20.} Indeed, the patent law expressly obliges an inventor to disclose both the invention and the best known mode of practicing it, in order to “enable any person skilled in the art . . . to make and use” the claimed discoveries.\footnote{35 U.S.C. § 112 (1982); see, e.g., Dana Corp. v. IPC Ltd. Partnership, 860 F.2d 415, 418-19 (Fed. Cir. 1988) (“enablement” requirement gives the public the patented subject matter in general; “best mode” doctrine requires disclosure of specific instrumentalities or techniques recognized as the best way of carrying out the invention at the time of filing, and it ensures full disclosure in exchange for monopoly rights).} If the patent then issues with its key claims more or less intact, the university inventor’s reward for initial deference to legal formality is the right, after filing, to speak freely about the discovery, without fear that any posterior disclosures will destroy novelty as to accepted claims.\footnote{Failure to disclose the inventor’s preferred embodiment of the invention can thus invalidate the patent. Id. Disclosures that require undue experimentation in order to practice the invention are similarly liable to invalidation. See, e.g., In re Wands, 858 F.2d 731, 734-36 (Fed. Cir 1988) (finding that a deposit may satisfy the enablement requirement for inventions pertaining to microorganisms or other living cells and that failure to deposit is not fatal if the written description necessitates some experimentation, such as routine screening, but not undue experimentation).} Even a third party who independently arrives at the same result cannot thereafter use the patented invention without authorization.\footnote{Because, unfortunately, the European Community countries provide no novelty grace period, American academics bear a higher burden of secrecy in timing their disclosures when patenting abroad. Proposals to adopt a grace period in foreign law are under consideration. See, e.g., Beier, Government Promotion, supra note 12, at 564-65. Both in this country and abroad, disclosure prior to final issuance of the patent can cause unprotected release of valuable information if the patent fails to cover all the original claims. The counterweight is, of course, the absolute need for academics to publish. See Merton, supra note 14, in The Sociology of Science, supra note 14, at 256, 325-27; Eisenberg, supra note 11, at 153.}

To be sure, the patent law does require academic inventors to demonstrate the utility of their inventions, and it excludes protection for scientific principles or ideas.\footnote{35 U.S.C. § 271(e), (b) (1982) (defining infringer as one who “without authority makes, uses or sells any patented invention”).} The judicial trend both in this country and abroad, however, is to take a more relaxed view of the utility requirement and to move the critical point of patentability forward so as to include more basic research than was thought possible ten or
twenty years ago. 51

If the Pajaro Dunes Statement reaffirmed the minimalist university's commitment to the traditional uses of these legal institutions, 52 it nonetheless begged a number of important questions. For example, the Statement glossed over the legal and organizational difficulties of nurturing basic research to the point at which it qualified for patenting. 53 The Statement also chose to ignore the post-patenting efforts increasingly required of universities in order to perfect and market successfully their research results. 54 Moreover, it downplayed hard questions about when to make patentability a research goal, when to seek practical applications of basic research, and when to impose stricter than normal secrecy standards in the laboratory. 55

At a minimalist university, most of these questions will be resolved in a rather decentralized fashion, but they will not disappear altogether. Because successful patents are not self-developing, much patentable research will go unrecognized in such an environment or will perish from a lack of timely nurture. 56 The patents that are developed will not often lead to the desired licensing and profits because risk capital and developers are kept at a considerable distance. 57 But the minimalist univer-

51. See, e.g., Beier, Government Promotion, supra note 12, at 562-64 (stating that the "trend toward inclusion of scientific disclosures in patent protection, . . . especially evident in the prospective fields of biochemical, biological, and chemical-pharmaceutical research, should be favored"). But see Eisenberg, supra note 11, at 186-87 (implying that the requirement of utility constrains the patenting of biotechnological discoveries). See generally 1 D. CHISHAM, supra note 19, § 4.04; H. ULRICH, supra note 12, at 7-12, 90-99, 96-100.

52. Pajaro Dunes Statement, supra note 13, at 536. The Statement also recognized that amendments to federal law allowed universities to own and license patents on discoveries made in the course of research financed by government grants and contracts. Id. See Software Protection Act of 1980, Pub. L. No. 96-517, § 6(a), 94 Stat. 3019 (1980) (codified as amended at 35 U.S.C. §§ 200-211 (1982)) (§ 202 allows universities and small businesses to retain title to patentable inventions developed in the course of government-sponsored research).

53. Pajaro Dunes Statement, supra note 13, at 536.

54. See, e.g., Fusfeld, Overview of University-Industry Research Interactions, in Partners in Research, supra note 10, at 10, 14 (stating that universities should focus on pragmatic questions of "what organizational structures are most effective and what impact these have on university procedures and objectives"); Low, The Organization of Industrial Relationships in Universities, in Partners in Research, supra note 10, at 68, 73 (discussing exchanges of people, incubators, and research parks).

55. See, e.g., Eisenberg, supra note 11, at 178-80, 190-95 (in the context of biotechnology).


57. See Cawood, supra note 24, in Blacksburg Conference, supra note 24; see also D. Bok,
sity is, by definition, not overly concerned about these lost opportunities because, rightly or wrongly, it regards such opportunities as foreign to its primary mission.\textsuperscript{58}

What more profoundly undermined the minimalist university's faith in the traditional institutions of intellectual property law was the inability of this body of law to deal adequately with the new technologies that seemed to provide academicians with their most exciting commercial opportunities. To some extent this inadequacy stemmed from the reluctance of courts and legislatures to extend effective patent protection to fields such as computer software,\textsuperscript{59} biotechnology and new methods of medical treatment,\textsuperscript{60} or even industrial designs.\textsuperscript{61} A more pervasive problem, however, stemmed from the patent law's total preoccupation with the "inventive step," that is, with the "nonobviousness" requirement under which every patentable innovation must demonstrate a major advance over the existing state of the art.\textsuperscript{62}

\textsuperscript{58} supra note 21, at 156 n.9 (stating that "[t]he normal rule of thumb is that it takes one thousand reported discoveries to produce one hundred patents; it takes one hundred patents to produce ten licenses; and only one license in ten will yield more than $25,000 per year").


\textsuperscript{60} See, e.g., K. HOXINSON, supra note 2, at 186-39 (noting that biotechnology seems to require patent protection, which exists, but is hedged about with qualifications, including special deposit requirements); Eisenberg, supra note 11, at 187-90. Prior to the Supreme Court's 1980 decision in Diamond v. Chakrabarty, 447 U.S. 303 (1980), biological materials were thought unpatentable under the doctrine that living organisms and cells were ineligible products of nature. Since Chakrabarty, the Patent and Trademark Office has extended subject matter eligibility to plants and indicated its willingness to patent "‘nonnaturally-occurring non-human multicellular living organisms, including animals.'" Eisenberg, supra note 11, at 169 (quoting Nonnaturally Occurring Non-Human Animals Are Patentable Under § 101, 33 PAT. TRADEMARK & COPYRIGHT J. (BNA) No. 827, at 664 (Apr. 23, 1987)). "Biotechnology, microbiology, genetic engineering, [and] biological engineering are all aspects of basically the same scientific field. Biotechnology is the generalized term for the application in industry of some biological phenomena to a practical end." K. HOXINSON, supra note 2, at 134-35. For discussion of "new plant varieties and seeds," "novel chemical substances and discoveries," and "pharmaceuticals and methods of treatment," all of which strain the patent paradigm, see id. at 139-45.

\textsuperscript{61} For evidence that United States intellectual property law was traditionally hostile to the protection of industrial designs, see Reichman, Design Protection in Domestic and Foreign Copyright Law: From the Bernese Revision of 1948 to the Copyright Act of 1976, 1985 DUKE L.J. 1143, 1189-90, 1203-24 [hereinafter Reichman, Before the Copyright Act]; and Reichman, Design Protection After the Copyright Act of 1976: A Comparative View of the Emerging Interim Models, 31 J. COGNITIVE SOC'y 267, 306-07 (1984) [hereinafter Reichman, After the Copyright Act]. For a remarkable reversal in the period 1980-1989, see Reichman, supra note 5, part I noting that new trends show revival of design patent law in the Federal Circuit and expanding protection for designs under Lanham Act § 43(a). See also infra notes 129-36 and accompanying text.

\textsuperscript{62} 35 U.S.C. § 103 (1982) (stating that "[a] patent may not be obtained . . . if the differ
2. New Technologies Without the Inventive Step

The substantive requirement of "nonobviousness" can effectively exclude the bulk of scientific achievement in new technological fields even after subject matter eligibility becomes established and despite the intrinsic commercial value such achievement may otherwise possess. For example, the amount of time, skill, effort, and money required to develop a complex computer program bears no necessary relation to whether the final design is viewed as a major step beyond the prior art. Even though the patenting of computer programs has become legally feasible and is always an option to be evaluated, the fact remains that "most programs do not contain unobvious concepts of the type which are susceptible to patent protection." Observers describe a similar situation in biotechnology in which a few pioneer patents may render the bulk of later applications obvious in the legal sense despite enormous investment in research and development and despite the impact of innovative end products on the public welfare.

References between the subject matter... and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains"; Graham v. John Deere Co., 383 U.S. 1 (1966). See generally J. Bohonovic, THE INVENTIVE STEP: ITS EVOLUTION IN CANADA, THE UNITED KINGDOM, AND THE UNITED STATES (1982); H. Ullrich, supra note 12.

63. The Court of Appeals for the Federal Circuit has, in recent years, allowed so-called secondary factors, including commercial success, to play a larger role in cases in which the validity of a patent is challenged on the grounds of obviousness. See, e.g., Adelman, supra note 12, at 989-90; Note, A Critique of the Use of Secondary Considerations in Applying the Section 103 Nonobviousness Test for Patentability, 58 B.C.L. Rev. 267 (1987). While the preferred view is that commercial success cannot of itself elevate an obvious claim to the level of patentability, see, e.g., 2 D. Chisum, supra note 19, § 5.05[2], this principle is not uniformly respected. See, e.g., Alco Standard Corp. v. Tennessee Valley Auth., 808 F.2d 1490, 1499-1501 (Fed. Cir. 1986) (holding that, while prior art standing alone indicated obviousness, strong secondary considerations indicating nonobviousness should prevail); id. at 1504-11 (Rich, Cir. J., dissenting).


65. Galbi, Proposal for New Legislation to Protect Computer Programming, 17 Bull. Copyright Soc'y 280, 281 (1990). Galbi added: "The creation of a new program which does not contain an unobvious concept still involves a substantial amount of investment. The patent system can adequately protect inventive concepts; however, the patent law does not have any means of protecting the invention which goes into developing noninventive innovations." Id. The fact that the PTO currently issues many patents that indirectly protect nonobvious computer programs, see supra note 64, does not vitiate Galbi's shrewd observation that most computer programs will fail the nonobviousness test of patentability despite their commercial value.

Part of the difficulty undoubtedly stems from judicial inexperience in applying the test of nonobviousness to nascent technologies. This inexperience cuts both ways, however, because it induces some courts to validate unduly broad claims while others tend to narrow claims arbitrarily in unfamiliar technical environments. The fundamental problem remains that of rewarding or simply recompensing large expenditure for incremental innovations that fall chronically short of the current legal threshold for patentable inventions.

novelty, utility, and disclosure requirements in the field of biotechnology; Purvis, Letter, 10 EUR. INTELL. PROP. REV. (EIPR) 95, 95 (1988) (noting that “the possibility must be faced that . . . science has outrun the law and that the kinds of claims . . . necessary to provide the incentives that the genetic engineering industry requires are not permissible under the present law of patents”) [hereinafter Purvis, Letter]. But see K. Hodkinson, supra note 2, at 135-36 (suggesting that the test of nonobviousness may be less of a problem for the biotechnology industry, which is capital intensive and relies more on pure research, than for the microelectronics industry, in which low levels of research investment produce high levels of return); Mellor, Patents and Genetic Engineering—Is It a New Problem?, 10 EUR. INTELL. PROP. REV. (EIPR) 159-62 (1988) (questioning whether a new form of protection is required in the field of genetic engineering).

The situation in the United States remains unclear. Support for the fears expressed in the text may be found in In re O’Farrell, 833 F.2d 894 (Fed. Cir. 1988) (applicants’ own publication of pioneering studies rendered their later genetic engineering method obvious despite uncertainty of success). In an unrelated field, however, the Court of Appeals for the Federal Circuit has just upheld a broad claim supported by a disclosure that some experts deem trivial. United States Steel Corp. v. Phillips Petroleum Co., 855 F.2d 1247 (Fed. Cir. 1989).

67. See generally Adelman, supra note 12, at 891 (predicting that the Federal Circuit will eventually acquire enough experience to differentiate between new technological areas when applying the common nonobviousness standard).

68. See, e.g., Genentech, Inc. v. Wellcome Found. Ltd. (U.K. 1988), noted in 37 Pat. Trademark & Copyright J. (BNA) 295 (1988) (holding the bulk of claims to recombinant DNA technology both excessively broad and obvious); Purvis, Patents and Genetic Engineering, supra note 65, at 347 (criticizing this decision); Thurston & Burnett-Hall, supra note 66, at 62 (discussing the lower court’s decision that a biotechnology invention disclosed “a particular route to a known end”; the court explained that a patent monopoly could hinder discoveries of other possibly better routes to the same end and thus could stifle research); see also Thurston, The Commercial and Legal Impact of the Court of Appeals Decision in Genentech v. Wellcome, 11 EUR. INTELL. PROP. REV. (EIPR) 66, 73 (1989) (noting appellate court’s confirmation that diligence and skill are not to be rewarded by a patent).

69. See, e.g., Purvis, Patents and Genetic Engineering, supra note 65, at 348 (noting that biotechnological industries and the research area are “threatened by the inability of . . . patent law to grant any meaningful protection to valuable research”); Thurston & Burnett-Hall, supra note 66, at 2 (arguing that investment in information establishing molecular structure of matter deserves “some form of protection” if compared to functional designs, to “look and feel” of computer software, and to semiconductor chip topographies). But see Mellor, supra note 65, at 161-62 (equating genetic engineering, protein engineering, hybridoma technology, and transgenic animals to semiconductor chip designs because all require the expenditure of time, effort, and money; but rejecting the view that patent law is inadequate or that special protection should be extended to these or other nonpatentable technologies on the basis of a lower standard of eligibility).

The exclusionary power of the nonobviousness requirement is naturally weaker when applied to pioneer achievements. See, e.g., Texas Instruments, Inc. v. United States Int’l Trade Comm’n, 6 U.S.P.Q.2d (BNA) 1868, 1888 (Fed. Cir. 1988) (noting that a judicially liberal view of both claim interpretation and equivalency is accorded a “pioneer” invention, which is characterized as “a dis-
The current importance of this phenomenon was foreshadowed by the difficulties that beset the quest for adequate legal protection of industrial designs during the last century and a half. In the United States, for example, where industrial designs have long been eligible for full protection in patent law, the relatively few designs ever satisfied the statutory requirement of nonobviousness. Innovation in ornamental designs of useful articles normally reflects only small variations on established themes rather than major advances in a designer’s chosen field of endeavor. Most of these variations are “obvious” in the patent sense even when novel and attractive to consumers. Yet, these innovations are as vulnerable to instant appropriation by competitors as any successful painting or novel would be if copyright law did not intervene on behalf of “authors and artists.”


71. The nonobviousness requirement of 35 U.S.C. § 103 (1982) is incorporated by reference into § 171, which governs ornamental designs. For a discussion of the federal appellate courts’ tendency to invalidate virtually all design patents challenged for nonobviousness prior to the establishment of the Court of Appeals for the Federal Circuit in 1982, see Reichman, Before the Copyright Act, supra note 61, at 1190-1245; and Denicola, Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles, 67 Minn. L. Rev. 707, 710 (1983). For evidence that the new court will allow more designs to satisfy the nonobviousness requirement than the federal appellate courts allowed in the past, see generally Reichman, supra note 6, part I. See infra notes 129-34 and accompanying text.

72. Compare, e.g., Avis Group Int’l, Inc. v. L.A. Gear Cal., Inc., 883 F.2d 1557, 1564 (Fed. Cir. 1989) (holding that design of athletic shoe was not obvious) with Unette Corp. v. Unit Park Co., 785 F.2d 1029 (Fed. Cir. 1986) (holding design patent invalid for obviousness) and Lyton System, Inc. v. Whirlpool Corp., 728 F.2d 1423, 1443 (Fed. Cir. 1984) (holding design patent invalid for obviousness).

For a while, this experience induced some European governments to admit industrial designs into their domestic copyright laws even though such designs only rarely compete on the market for artistic works as such. Over time, however, full copyright protection of commercial designs appeared to interfere with free competition on markets for the underlying products, and this experiment was abandoned everywhere except in France. Foreign experts began instead to view industrial design as a legal hybrid falling in between the patent and copyright systems, and the search for an appropriate sui generis legal solution gathered considerable momentum beginning in the 1950s.

Most commentators on industrial property law are still inclined to dismiss commercial design as a marginal case that does not challenge the general soundness of the overall intellectual property framework. In retrospect, however, it appears more accurate to view industrial design as a precursor of the many legal hybrids that intellectual property law would strain to accommodate in the latter half of the twentieth century. Recent technologies such as computer software and chip designs or even genetic engineering share two things in common with industrial design: One is a proclivity to yield extravagant financial rewards from incremental improvements in know-how that require considerable capital and effort to develop; and the other is a vulnerability to rapid duplication by competitors who bear no part of the development expenditure.

74. See Reichman, Before the Copyright Act, supra note 61, at 1153-64 (discussing the "Unity of Art" thesis in France and elsewhere); infra notes 291-94 and accompanying text.

75. The first work to identify the hybrid character of industrial designs through comparative analysis was M. Perrot-Morel, Les Principes de Protection des Dessins et Modeles Dans les Pays du Marche Commun 16 (1968). For a lucid clarification of the theoretical problems posed by this identification, see F. Perret, l'Auteur de Droit de Protection des Dessins et Modeles (1974). See also Reichman, supra note 5, part II.

76. See, e.g., 3 S. Ladas, PATENTS, TRADEMARKS AND RELATED RIGHTS: NATIONAL AND INTERNATIONAL PROTECTION 1617 (1978) (expressing traditional view of industrial design as the poor relation of an industrial property law that is otherwise soundly conceived).

77. See generally Reichman, supra note 5, part II (entitled: "Premises for International Action to Harness a Disruptive Legal Hybrid").

78. Compare, e.g., id. part II (problems of industrial design viewed as one of several "Intermediate Technologies Between Art and Invention") with Purvis, PATENTS AND GENETIC ENGINEERING, supra note 65, at 342. The latter article observes: [K]nowing the sequence, it is simple to deduce myriad other routes by which to make it. Once this is done, perhaps in a matter of weeks or even days, competitors are in a position to produce the substance on a large scale, and, with no research and development costs to recoup, can undercut the discoverer of the sequence easily . . . and deprive . . . [the innovator] of any reward at all.

Id.; see also Galbi, supra note 65, at 281-82 (same phenomenon in regard to computer programs); infra text accompanying notes 96-114.
3. Incremental Innovation Bearing Know-How on Its Face

Broadly conceived, know-how encompasses the "totality of unpatented knowledge utilized in industry."79 It is not concerned with major principles or inventive ideas, but rather with "detailed innovation in industrial techniques" of a practical nature that is often the "fruit of . . . experience and trial and error."80 The value of know-how is thus measured in terms of commercial superiority and marketing advantages.81 It typically accrues from incremental improvements on some aspect of the existing state of an art and not from creative activity that raises the level of an art as a whole.82 Because know-how includes "techniques that are still at an experimental stage," as Professor Magnin astutely observed in 1974, it links the kinds of basic and applied research normally carried out in academic and other nonindustrial institutions with industrial research and development.83 For this reason, "know-how plays a considerable role in modern industry, whose activities are essentially based upon innovation."84


80. 3 S. LADAS, supra note 76, at 1617.

81. See, e.g., Troller, The Legal Protection of Know-How: General Report, in THE PROTECTION OF KNOW-HOW IN 13 COUNTRIES 149, 150, 152 (H. Cohen Jehoram ed. 1971) [hereinafter Troller]. (Report of the Eighth International Congress of Comparative Law Research, Italy, 1970). According to Ladas, know-how is the "knowledge of how to organize a certain production in the most efficient and competitively advantageous manner." 3 S. LADAS, supra note 76, at 1617 (emphasis in original). He adds that know-how is "essentially a fund of technical knowledge and experience acquired by an enterprise in the use and application of an industrial technique." Id.

Professor Magnin, instead, stresses that know-how is not an isolated technique or formula, but rather "tout l'ensemble d'une fabrication," that is, "the entire industrial process from the choice of raw materials right up to the modalities of distributing the end products." F. MAGNIN, supra note 79, at 114 (J. Reckman trans.). Hence, for him, know-how is a "manufacturing art" (un art de fabrication). Id.

Professor Dessemontet, after reviewing and rejecting all the definitions of know-how, concluded that the "[c]onfusion is . . . hopeless." F. DESSEMONTET, supra note 79, at 16. He believed that the "heterogeneous nature of all knowledge and techniques . . . labelled as know-how . . . prevents us from recognizing in the term . . . a precise . . . pragmatic or legal notion similar . . . to [that of] the patentable invention." Id. at 16-17. Hence, "[c]autious commentators . . . abstain from defining know-how precisely. So the eminent Ladas needs no less than some twenty lines to enunciate all that is known under this term." Id. at 16.


84. Id.
Unlike patents for invention, which tend to convey descriptive information, industrial know-how is manifested in tangible, working embodiments of information that function in the external environment. In theory, control over the tangible vehicle of communication provides effective control over know-how, despite its intellectual and potentially ubiquitous character. As a practical matter, however, industrial know-how is usually secret and often the subject of restrictive licensing agreements that prohibit its disclosure to the public at large. While know-how derives its economic value from the competitive advantages that exclusivity confers, this exclusivity depends on actual secrecy rather than on the grant of any proprietary rights under positive intellectual property law.

The protection of traditional forms of industrial know-how is thus entrusted to contracts and trade secret laws, which make acquisition of the pertinent knowledge unlawful only when obtained by means that are excluded by private agreements or that are generally forbidden by law or are against public policy. Given what Professor Trolle called its "meta-legal nature," innovative know-how remains exempt from free competition only so long as it is neither voluntarily revealed nor reverse engineered. The very notion that intellectual property law
might one day attempt to organize a positive legal regime that would sever know-how from these moorings has aroused intense controversy.\textsuperscript{44}

From this perspective, the trouble with the kinds of innovative know-how underlying most of the important new technologies is that they do not lend themselves to secrecy even when they represent the fruit of enormous investment in research and development. Because a true trade secret tends to defy reverse engineering, intellectual property law encourages inventors to obtain patents and disclose their art whenever possible.\textsuperscript{45} But modern forms of innovative know-how associated with the new technologies, despite a certain formal elegance and complexity, are easier to duplicate, as a rule, than yesterday's typical engineering products.\textsuperscript{46} Indeed, this vulnerability to rapid appropriation makes such innovation behaviorally similar to works of art and literature.\textsuperscript{47}

The senior patent attorney for IBM, writing in 1969, was the first to grasp the significance of this phenomenon for computer programs. In Galbi's view, the "special nature of computer programming" arose from

\begin{quote}
owner. . . . [A]ny one who discovers the secret of another or develops [the] same by his own efforts may use it. . . . Once published to the world, the economic value of the know-how as a competitive advantage is lost to its owner.

\textit{Id.} at 1621. In this sense, know-how bears affinities to trade secrets, F. Dessensmontet, supra note 79, at 11, 18-20, 33-48; indeed, in the traditional American legal terminology, according to Dessensmontet, "the term know-how is but the synonym of trade secrets," \textit{id.} at 49 (emphasis in original). \textit{But see} F. Magnin, supra note 79, at 113-16 (stressing the importance of differentiating know-how from trade secrets).

The line of demarcation between inventions and know-how is correspondingly obscure. Troller suggests that an invention "is a rule for the use of natural forces" and that, so long as it remains secret, it is also "a form of know-how that . . . exhibits the particular characteristics demanded of an invention by patent law (technical advance, inventive level)." Troller, supra note 81, at 182-83.

\textit{94. See, e.g.}, F. Magnin, supra note 79, at 15-16. Another author recently observed:

\begin{quote}
[T]he protection of know-how tends to approach that conferred on patents. The latter serves as a kind of reference point. Firms are trying to win recognition of an exclusive right to their know-how that is of the same nature as a patent. Their efforts aim in effect to obtain a right to be exercised against third parties, in general. One can therefore declare that the protection of know-how completes and imitates that of patents.

\textit{J. Jean, supra} note 79, at 110. (J. Reichman trans.; \textit{see also id.} at 27-40, 63-112 (discussing the principle of property rights in intangible goods and the appropriation of technology through know-how). \textit{See generally Direct Protection, supra} note 12 (thesis favoring direct protection of know-how and critical responses).

\textit{95. See, e.g.}, Kitch, supra note 91, at 699-701 (noting the "contorted incentives" of trade secret law).

\textit{96. See Kingston, supra} note 82, in \textit{Direct Protection, supra} note 12, at 61 (stressing the ease with which free riders may appropriate information once it is embodied in a product and put on the market); \textit{supra} note 78 and accompanying text.

\textit{97. See infra} note 101 and accompanying text; \textit{cf.} Landes & Posner, \textit{Economic Analysis, supra} note 12, at 10 (by reducing the time required to make copies and by facilitating the production of high-quality copies at low cost, modern technology has increased the need for copyright protection even of artistic works). \textit{See generally Reichman, supra} note 5, part II.\end{quote}
the special vulnerability of programming know-how.98 While a conventional manufacturer could "transfer the possession of a new machine without transferring the know-how involved in manufacturing the machine," Galbi argued that anyone "who comes into possession of a computer program has all of the manufacturing know-how involved in creating additional identical computer programs."99 Although computer programs produce "economic benefits in somewhat the same manner that machines produce economic benefits," use of the relevant technology for its intended economic purpose allowed computer programs to "be duplicated in the same way that one creates and duplicates a literary work."100 Thus, third parties who are able to obtain some physical embodiment of this know-how can readily deprive its originator of any competitive advantage that the innovation initially conferred, in much the same way that one can make a cheap photocopy of a novel or a photographic reproduction of a painting.101

In this respect, today's technically refined forms of unpatentable know-how enjoy a less favorable competitive position than run-of-the-mill industrial products and processes that are unpatentable by definition. In principle, the manufacturer of any new product or process benefits from that minimum amount of protection that flows naturally from having been first on the market.102 Third parties who want to compete effectively will have to reverse engineer the originator's product or process, establish their own modes of production, develop their own lines of distribution, and establish their own reputations as producers of quality goods.103 Because this task of catching up to the originator's head start takes time, it presumably endowed traditional innovators with a period of natural lead time that enabled them to gain a foothold in the market.104

98. Galbi, supra note 65, at 281.
99. Id.
100. Id. Galbi was also among the first to stress the dual nature of computer programs as both "writings" and functioning parts of a machine. Id. The dual nature of computer programs is now accepted even by one of the leading protagonists of maximum protection in copyright law, who, however, sees no contradiction between this dualist premise and his maximalist conclusion. See Davidson, Common Law, Uncommon Software, 47 U. PRR. L. Rev. 1037, 1064-65 (1996); infra notes 272-89, 297-301 and accompanying text.
102. See, e.g., H. Ulrich, supra note 12, at 106. To the extent that an unpatented product or process embodies know-how that competitors cannot duplicate without a lengthy period of learning time, the originator may recover costs and gain profits even without legal protection. Id.
103. Id.
104. See, e.g., Brown, Design Protection: An Overview, 34 UCLA L. Rev. 1341, 1388 (1987). The "originator will have had a head start. That is often the only advantage our system grants . . . and it is often enough." Id.
In contrast, from the moment third parties free of contractual restraints obtain any tangible embodiment of the relevant information, they can rapidly reverse engineer the know-how embodied in technologies such as a new industrial design, a software design, a chip topography, or a biotechnological product. What Galbi observed of computer programs thus applies to most of today’s new technologies in the sense that each tends to bear its know-how on its face. Without incurring the high costs of research and development, any would-be competitor can appropriate the commercially valuable information these technologies embody and then offer virtually the same product at a lower price than that of the originator. There is no period of natural lead time in which to recoup either the originator’s initial investment or his losses from unsuccessful essays, not to mention the goal of turning a profit.

In short, today’s most productive and refined technical innovations are among the easiest of all forms of industrial know-how to duplicate. Because each product of the new technologies tends to bear its know-how on its face, like an artistic work, each is exposed to instant predation when successful and is likely to enjoy zero lead time after being launched on the market. Paradoxically, such products obtain little or no protection under the dominant paradigms of classical intellectual property law despite their contributions to the public welfare. This result follows because the patent paradigm will exclude the bulk of the new technological innovations that appear to be slight or merely incremental advances over the prior art. At the same time, because of


108. The notion of a paradigm as a particular way of thought, perception, and action associated with a vision of reality was developed by T. Kuhn, THE STRUCTURE OF SCIENTIFIC REVOLUTIONS (1957). Later references in this Article to industrial art and industrial literature as the oldest and newest marginal cases, respectively, to challenge the dominant intellectual property paradigms are hardly casual in this regard. See infra notes 401-03.

109. See, e.g., Kingston, supra note 82, in DIRECT PROTECTION, supra note 12, at 31 (regretting that patent officers in all advanced industrialized countries, by adopting the requirement of an "inventive step" or nonobviousness, "have turned their backs on the task of protecting incremental innovation," which by its nature "evolves out of what is already there" and therefore "lacks the element of surprise... supposed to be a characteristic of a true "inventive step"’); see also Galbi, supra note 65, at 251 (stating that "[t]he patent system can adequately protect inventive concepts; however, the patent law does not have any means of protecting the investment which goes into developing noninventive innovations"); Kronz, supra note 82, at 179-80 (stressing irrelevance of patent system to real problem of transforming "technical knowledge into products and investment under... difficult market entry conditions").
their functional character, the new technologies are alien to the spirit of the copyright paradigm, which historically rewards works of art and literature without encroaching upon the domain of industrial property law.110

The most economically significant technologies are thus likely to be intermediate technologies that fall between the patent and copyright paradigms.111 These technologies are, in effect, legal hybrids in the sense that their behavior deviates from the standard behavioral assumptions that underlie the classical forms of legal protection for either industrial or artistic property.112 As a result, they occupy no discrete position of their own within the international intellectual property system established by the Paris and Berne Conventions over a century ago.113 The extent to which a new intellectual property right is needed

Professor Magnin, writing in 1974, may have been the first to perceive a direct connection between the need to accommodate know-how within positive industrial property law and the new technologies, especially computer programs and products of biogenetic engineering, which were situated largely in the universities. See F. Magnin, supra note 78, at 15-16 (stressing the need to modify the concept of patents to accommodate products of modern technology); id. at 121-26 (discussing problems arising from the nonpatentability of computer programs and biotechnological processes). However, the full implications of this connection have become clear only in recent years, once these same technologies gained recognition as patentable subject matter. See infra notes 118-31 and accompanying text.


111. See Reichman, supra note 5, part II (subsections entitled “Why Know-How Attracts the Copyright Modality” and “Measured Exploitation of a Possibly Fatal Attraction”); Reichman, Legal Hybrids Between the Patent and Copyright Paradigms (1986) (unpublished project document) (submitted to and funded by the German Marshall Fund of the United States); see also Platier, Innovation Patent, Invention Patent, or Both?, in DIRECT PROTECTION, supra note 15, at 125, 138-49 (discussing the marketing of intangible goods, including ideas, knowledge, and information, and calling attention to an “intermediate phase of innovation”).

These technologies are not “intermediate” in the sense this term is also used to connote traditional technologies requiring moderate levels of skill that are appropriate for developing countries to absorb in an integrating world economy. The Author regrets this ambiguity but has not found an acceptable alternative for the term “intermediate technologies” as used in this Article.

112. See, e.g., OTA REPORT, supra note 110, at 78. The task is to bring that much of the copyright paradigm to bear on these intermediate technologies as will perform needed protective services, while discarding such technical features (and all of the mystique) as are inconsistent with the industrial nature of these same intermediate technologies. See infra text accompanying notes 404-07. See generally Reichman, supra note 5, part II.

113. Paris Convention for the Protection of Industrial Property of March 20, 1883 (as revised through July 14, 1967), reprinted in 1 WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO) & UNITED INTERNATIONAL BUREAU FOR THE PROTECTION OF INTELLECTUAL PROPERTY (BIRPI), MANUAL OF INDUSTRIAL PROPERTY CONVENTIONS (1978); Berne Convention, supra note 73, in COPYRIGHT
to protect interested parties against the misappropriation of unpatentable industrial know-how has thus become a crucial issue for world economic development.114

4. Breakdown of the World's Intellectual Property System

The fear is that these intermediate technologies, if left to fend for themselves in this nether world between the dominant paradigms, will attract insufficient investment owing to the great risk of loss inherent in the innovative enterprise and to the likelihood that imitators rather than innovators will reap the rewards of success in the end.115 Consequently, world intellectual property law has come under intense pressure to alleviate this perceived risk aversion by providing modern innovators with artificial lead time through one legal device or another.116

The response has varied with the technology in question. The United States Supreme Court, for example, has recognized genetically engineered micro-organisms as patentable subject matter.117 The patent authorities currently read this precedent to cover all “nonnaturally occurring nonhuman multicellular living organisms, including animals.”118 Patent offices around the world are struggling to devise depository regulations that will reconcile the public’s need to use patented microorganisms in further experimentation with the patentees’ exclusive rights to exploit their biogenetic inventions.119

Laws, supra note 73. It should be pointed out that Article 4(I) of the Paris Convention, added at the Revision Conference of Stockholm in 1967, gave limited recognition to “inventors’ certificates” for purposes of the priority rights guaranteed to industrial property owners under the Convention. See G. Bodenhausen, Guide to the Application of the Paris Convention for the Protection of Industrial Property 68-69 (1969). The “inventor’s certificate,” used primarily in certain countries having centrally planned economies, can be construed as extending some recognition to unpatentable know-how, without pretend to address or solve the larger problems discussed in the text. See, e.g., F. Magnin, supra note 79, at 15-16. A discussion of the inventor’s certificate is beyond the scope of this Article.


115. See Kingston, supra note 82, in DIRECT PROTECTION, supra note 12 at 4-5; Kingston, Response, supra note 114, in DIRECT PROTECTION, supra note 12, at 299-302; sources cited supra note 66, 69; see also R. Benko, supra note 12, at 22-25.

116. See, e.g., Kastenmeier & Remington, supra note 105, at 465-70.

117. Diamond v. Chakrabarty, 447 U.S. 303 (1980); see also Eisenberg, supra note 11, at 189-90.

118. See Eisenberg, supra note 11, at 189-90.

119. See, e.g., R. Salwanchick, Legal Protection for Microbiological and Genetic Engineering Inventions 55-77 (U.S.), 147-59 (Foreign 1982). See generally World Intellectual
In contrast, computer programs ("software") were granted full copyright protection as literary works in most countries. More limited form of tailor-made protection was granted by France, and it now appears that Switzerland will follow suit. Computerized databases also qualify for copyright protection in the United States and


121. Law No. 85-660 (France July 3, 1985), Relative aux Droits des Auteurs et aux Droits des Artistes Interprètes, des Producteurs de Phonogrammes et de Videogrammes et des Entreprises de Communication Audiovisuelle, arts. 45-51 (Des Logiciels) (computer programs). This Act creates a presumption of employer authorship limited moral rights; protects against unauthorized use and against unauthorized reproduction, id. at Art. 47; but limits duration to 35 years from the date of creation, id. at Art. 481. See, e.g., R. PLAISANT, PROPRIÉTE LITTÉRAIRE ET ARTISTIQUE 14-15, 22-23 (Supp. MISE à JOUR No. 1 Aug. 1, 1985); Kindermann, supra note 120, at 206-07; Gaudrat, La protection des logiciels par la propriété littéraire et artistique, 128 REVUE INTERNATIONALE DU DROIT D'AUTEUR (RIDA) 180 (1986).

122. See M. Ritscher, Untitled Paper Submitted to the Conference at the LST Frontier Conference on Software Protection, Center for the Study of Law, Science and Technology, Arizona State University College of Law (Feb. 13-14, 1989) (source on file with Author). According to this source, the Swiss legislature had considered granting sui generis protection for both microchips and computer programs in a neighboring rights statute allied to the new Copyright Act. But the proposal as regards software was abandoned. See infra note 389 and accompanying text. Brazil has apparently agreed to adopt a modified copyright approach in response to intense pressure from the United States. See, e.g., Barbosa, Software and Copyright: A Marriage of Inconvenience, 24 COPYRIGHT 194-200 (1989).

123. 17 U.S.C. § 101 (1982) defining "compilation" as a "work formed by the collection and assembling . . . of data . . . that are selected coordinated, or arranged in such a way . . . as to constitute[] . . . an original work of authorship"); id. § 103 (specifically including compilations and derivative works within the subject matter of copyright); see also West Publishing Co. v Mead Data Cent., Inc., 799 F.2d 1219 (8th Cir. 1986); Telerate Sys., Inc. v. Caro, 689 F. Supp. 221, 228-31 (S.D.N.Y. 1988) (holding that defendants' computer program enabling user to analyze data vicariously infringed plaintiff's copyrighted data base). See generally DeNicola, supra note 43, at 531-35, 559-42; Tupper, An Aspect of Copyright in Data Bases, 14 N. Ky. L. REV. 169 (1987); Note, Copyright and Computer Databases: Is Traditional Competition Law Adequate? 67 TEX. L. REV. 993, 994-96, 1027-28 (1987).

However, considerable judicial resistance may yet be encountered in adjudicating claims for infringement in specific cases. Compare, e.g., West Publishing Co., 799 F.2d at 1219 (holding that LEXIS star pagination feature was copyrightable and infringed) and United Tel. Co. v. Johnson Publishing Co., 855 F.2d 604 (6th Cir. 1988) (holding that compilation copyright in telephone directory protects against direct copying of new and updated listings) and Rand McNally & Co. v. Fleet Management Sys., 634 F. Supp. 604 (N.D. Ill. 1988) (holding that appropriation of data from compilation of maps was infringement) with F.I.L.V. v. Moody, 808 F.2d 204, 207-08 (2d Cir. 1986) (finding that sweat-of-the-brow arrangement was not an original work of authorship) and Worth v. Selchow & Righter Co., 827 F.2d 569, 572-73 (9th Cir. 1987) (stating that "facts, like ideas are
abroad, although the Nordic countries have reportedly endorsed a sui generis solution that will soon take effect. In 1984, Congress granted modified copyright protection to semiconductor chip designs, and most industrialized countries have now enacted similar measures. Computer programs also became indirectly eligible for protection in patent law as a result of a United States Supreme Court decision in 1981; other industrialized countries have since moved in this direction.

In the period from 1985 to 1989, moreover, the United States Court of Appeals for the Federal Circuit has revitalized this country's design patent law. During the same period, the federal appellate courts have collectively transformed the treatment of trade dress under Section 43(a) of the Lanham Act into an unofficial design law that affords a much broader and conceivably perpetual form of protection. The United States patent authorities have just granted a number of design patents covering the screen displays used in conjunction with certain computer programs.

Proposals to improve the special legal regimes already available to protect ornamental designs of useful articles in all industrialized coun-

never protected, and holding that sweat-of-the-brow rationale would no longer apply).


125. According to Professor Karnell, this law would apply to databases that did not otherwise qualify as original literary works under the copyright laws in force. It would thus signify a general agreement among the Nordic countries to treat noncopyrightable databases and other compilations as a neighboring right, subject to a very short term of protection, in keeping with the solution previously adopted by Section 49 of the Danish Copyright Act (giving 10 years of protection to catalogues, tables, and similar items). See, e.g., A. Drutz, COPYRIGHT LAW OF THE EUROPEAN COMMUNITY 31, 34-35, 150 (1979) (discussing Danish law on compilations).


127. Diamond v. Diehr, 450 U.S. 175 (1981); see also 2 D. CHISUM, supra note 19, § 1.03[b] [g]-[i]; Maier, supra note 99; Note, The Patentability of Computer Programs: Merrill Lynch's Patent for a Financial Services System, 99 ILL. L. REV. 683 (1984); infra notes 172-75 and accompanying text.


129. See generally Reichman, supra note 5, part I.

130. See, e.g., Brown, supra note 104, at 1357-86; see also Reichman, supra note 5, part I.

tries except the United States are under active consideration by the Commission of the European Communities. Measures to confer sui generis protection on functional designs, and not merely on ornamental designs of useful articles, recently won legislative approval in the United Kingdom. Similar measures may yet be enacted in the United States. A few industrialized countries already protect novel functional designs and other minor inventions under utility model laws or so-called petty patent laws, and there is a growing list of developing countries that seem eager to enact such laws. Some commentators contend that computer programs should be treated as utility models under the Paris Convention rather than as literary works under the Copyright Conventions.


133. The trade-related aspects of these proposals are now openly acknowledged. See Posner, supra, at 4, 9 (stating that the design of a useful article has become "a prime tool in the ability of community enterprises to compete with the enterprises of third countries which have lower production costs . . . many community industries have only one advantage over competing industries from third countries: namely their superior design"). This protectionist thrust cuts both ways, however, because third world countries also have great potential for competing in the world's design swimstakes, and they may claim national treatment under the copyright conventions.

134. See, respectively, Copyright Designs and Patents Act, 1988, ch. 48, §§ 213-264 (15 Nov. 1988); see also INTELLECTUAL PROPERTY RIGHTS AND INNOVATION (Cmnd. 9712) at 18-23 (1986). Noncommercial functional designs are protected under a modified copyright model for up to ten years subject to a compulsory license after five years and to complicated "must fit" and "must match" restrictions; foreigners are subject to reciprocity, not national treatment under the Act as adopted. See, respectively, Feller, The New U.K. Industrial Design Law, U. BALTIMORE L.J. (Symposium Issue on Design, forthcoming 1988). Feller, Design Protection in the UK: Copyright, Registered Designs, Unregistered Designs . . . What Will They Think of Next? 1, 5-11, Paper Presented to the International Conference on the Legal Protection of Industrial Design (Disegno Industriale e Protezione Europeo), Treviso, Italy (October 12-13, 1988).

135. See, respectively, S. 791, 100th Cong., 1st Sess. (1987). Compare, respectively, Fryer, Industrial Design Protection in the United States of America—Present Situation and Plans for Revision, 27 INDUS. PROP. 115 (1988) (proposing extensive protection in sui generis law that would no longer require either nonobviousness or "ornamentality" and that could protect functional designs) with Brown, supra note 104, at 1399-1403 (criticizing this proposal). A sui generis bill to protect ornamental designs in the United States was deleted at the last moment from the Copyright Act of 1976. See Reichman, Before the Copyright Act, supra note 61, at 1186-1200.

136. See, respectively, 2 S. LADES, supra note 76, at 949-56 (noting that utility model laws are available for functional designs or petty patents in leading industrialized countries such as Italy, the Federal Republic of Germany, and Japan).

137. See, respectively, L. POLI, EL MODELO DE UTILIDAD 1-9 (1982) (arguing that utility model laws are especially appropriate for developing countries). Mexico recently enacted such a law within the framework of its new industrial property law.
Meanwhile, Switzerland recently amended its unfair competition law with the express aim of protecting manufacturers who invest in intermediate technologies that are vulnerable to easy duplication.® Article 5(c) of this law protects products that embody the results of intellectual effort, labor, and investment against competitive exploitation by third parties who employ "technical methods of reproduction" to copy these products outright without repeating the steps originally needed to manufacture them.® While the new law permits would-be competitors to use an originator’s ideas and know-how to recreate or reverse engineer an identical product, it prohibits them from merely reproducing the completed products as a whole.® No express limitation is placed on the period during which this protection may last; but it reportedly lapses when "the investment of the owner has been amortized" so that "the copying of the product by a third party no longer distorts competition."®

Echoes of this approach have also been heard in the United States, where some state legislatures recently enacted so-called "plug mold" statutes® forbidding duplication of the shapes of certain products by a direct molding process.® The Supreme Court has just determined that


138. See Loi federale contre la concurrence delaying du 19 december 1986 [Federal Law on Unfair Competition of December 1986], art. 5 (Switzerland) (effective March 1, 1988), reprinted in 27 INDUS. PROP. L (Laws & Treaties Supp. Sept. 1988); see also Probst, Protection of Integrated Circuits in Switzerland, 4 EUR. INTELL. PROP. REV. (EIPR) 108 (1988). In the 1970s some experts reportedly voiced concern about new technical means of reproduction that enabled competitors to make direct copies of common merchandise, but matters have come to a head in recent years with demands for generalized protection against misappropriation of skilled efforts and of products such as technical drawings, computer software, and certain diagrams. Thus, while the provision was not drafted specifically to deal with the topographies of semiconductor chips, it could also apply to chip designs, gate arrays, and combinations of compartments selected from cell libraries. Id., at 109-10.

139. See Probst, supra note 138, at 109. As Probst unofficially translates the relevant provisions of Article 5 ("Exploitation of products of others"), an unfair act is performed by "whoever...[c] exploits the marketable products of others, obtained as such without [their] own appropriate effort by applying technical methods of reproduction." Id., at 108.

140. Id. at 109-10.

141. Id. at 110. Probst interprets this to mean that "[t]he period of protection...varies according to the investment needed for the creation of a specific product. Results of work which, like chip products, require intensive research and development will be protected longer than common merchandise." Id. at 110. Compare with Probst the proposals of Kingston and Krons calling for a variable term of protection for industrial know-how linked to the grantee's "innovative capacity." Kingston, supra note 82, in DIRECT PROTECTION, supra note 12, at 42, 114.


143. Under these statutes, use of an object to make a mold is forbidden. "You have to model the object itself. Then you can make a mold and compete—or rip off, depending on one's point of view—without violating the 'plug mold' statute." Brown, supra note 104, at 1392.
these laws unconstitutionally interfere with the federal patent and copyright systems. These rather crude initiatives evoke the spirit of earlier efforts to implant the misappropriation doctrine in domestic unfair competition law. Far bolder and more refined proposals are emanating from the European Community countries, where some experts advocate sui generis protection for all forms of know-how as such, without regard to the availability of patent protection or the kinds of subject-matter distinctions familiar in traditional intellectual property law.

The end result is a patchwork quilt of protective devices, complemented by an increasingly supple law of trade secrets, that has strained the classical system of intellectual property law to the breaking point. Taken together, these makeshift devices provide some protection to a broadening array of industrial innovations that manifest relatively low levels of quantitative or qualitative distance from the prior art. In so doing, these devices reveal the extent to which applied scientific know-how, inadequately served by the traditional patent law matrix, now poses a serious threat to the stability of an international system built around a static notion of "industrial property" that no longer corresponds to empirical reality.

C. A Maximalist Response to the Challenge of New Technologies

1. Expanding Opportunities for Legal Protection of University Research

This expanding protective framework renders university research into virtually any field a potential source of proprietary rights capable


146. See authorities cited supra note 94; see also F. Magnin, supra note 79, at 16.

147. UNIF. TRADE SECRETS ACT, 14 U.L.A. 557, 543 (1979); see, e.g., Bender, Protection of Computer Programs: The Copyright/Trade Secret Interface, 47 U. Pitt. L. Rev. 907, 919-34 (1986) (discussing advantages and disadvantages of using trade secret laws to protect computer programs); Kitch, supra note 91, at 699-701 (discussing portable black box approach used for computer programs and criticizing the "contorted incentives" of trade secret law, which encourages secrecy and disfavors innovations that are necessarily revealed to competitors).

148. See, e.g., K. Holdenson, supra note 2, at 121, 135-36.

149. See, e.g., F. Magnin, supra note 79, at 13-17, 65-69, 93-94, 114-16; see also authorities cited supra note 94.
of generating substantial revenue. The array of legal devices available to protect new technologies blurs such traditional lines as those dividing pure from applied research or those separating major (hence protectable) from minor (hence unprotectable) innovation. These devices invite university administrators to monitor a seemingly infinite spectrum of technologies with a view toward maximizing commercial opportunities. Administrators are likewise encouraged to identify commercially exploitable projects at the earliest possible stage of research and development without the inhibitions that the strict requirements of patent law traditionally imposed. They are tempted to establish businesslike organizational structures capable of systematically nurturing every promising research project from the laboratory to the industrial drawing boards.

The Pajaro Dunes Statement of 1982, which appealed to caution and restraint, has thus been overtaken by an overload, if not a breakdown, of the classical intellectual property system as structured in the nineteenth century. The resulting proliferation of atypical restraints on trade in intellectual goods indiscriminately renders just about everything a university does both protectable and commercially exploitable provided that faculty, students, and administrators are willing to pay the price.

Arguably, the Pajaro Dunes Statement did provide some guidance for this new situation to the extent that it admonished faculty and administrators to think about the price—to reflect on the costs of conducting university business this way. Had there been more time to digest the changes occurring in both applied science and intellectual property law, its minimalist message might have exerted a more lasting influence.

In reality, there was little time to ponder the ethical and philo-

150. See, e.g., Eisenberg, supra note 11, at 190 (spreading reach of patent law into basic research discoveries of biomedical sciences).
151. See D. Box, supra note 21, at 149 (discussing “Bush’s law”—that applied research drives out pure research).
153. See, e.g., Brooks, supra note 10, at 53.
154. See, e.g., Pajaro Dunes Statement, supra note 13, at 533. The Statement explained: The translation from opportunity to reality is not simple or easy. Serious problems center on the preservation of the independence and integrity of the university and its faculty, both faced with unprecedented financial pressures and complex commercial relationships. Universities are a repository of public trust, and, in many cases, of public funds as well, and they have an obligation to ensure that they remain devoted to their primary goals of education and research and that their resources be properly used in their pursuit of these goals.

Id.
sophistical implications of broadly commercializing research in a promiscuous legal environment. Industrialists and venture capitalists were eager to invest in the new technologies, and universities rushed to make the most of these financial opportunities without looking over their shoulders. Evidence of this changing attitude emerged in the spring of 1988 from a set of papers presented at a Conference on the University Spin-off Corporation held at Blacksburg, Virginia.

2. Birth of the Spin-off Mentality

Barely six years after the celebrated Biotechnology Conference at Pajaro Dunes, the titles of the papers presented at Blacksburg told a different story and constituted a veritable program for future action. For example, the Blacksburg Conference opened with papers discussing “Technology Transfer by Spin-off Companies versus Licensing,” and “Promoting University Spin-off Companies through Equity Participation.” Other contributions explored “The Process by Which University Research Results Become a Business” and described the workings of “The University of Chicago Technology Commercialization Center.”

No constituency was overlooked. A paper advocating “A Program to Encourage Entrepreneurship in Undergraduate Students” complemented a study entitled “Exploring Perceived Threats to Faculty Commercialization of Research.” Perhaps the most ambitious or ominous

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155. See, e.g., Aaron, *Tapping into University Technology*, High Tech. Bus. Dec. 1988, at 26 (stating that “[t]he number of companies turning to universities for research is growing”); Eisenberg, supra note 11, at 195. By 1984, as much as one-quarter of all biotechnological research that universities carried out reportedly was funded by nearly one-half of all companies that generally fund such research. See id. at 195 n.95 (citing authority).

156. See, e.g., B. Reams, supra note 1, at 18. Professor Reams suggested, “Cooperation between universities and industry is now rapidly becoming a significant force contributing to the innovation process. Indeed, such joint undertakings are so new that little opportunity has existed for the collection of . . . data or the actual comparison of contracts.” Id.; see also Weiner, supra note 14, at 59 (noting that “more and more universities are adopting aggressive patenting policies”).


presentation of all, depending on one's point of view, outlined "The Role of the Research University in Creating and Sustaining the U.S. Technopolis." Its vision of the future appears in a diagram reproduced later in this Article.

While the minimalist university predominated at Pajaro Dunes, a portrait of the university that wanted to maximize its contributions to industry emerged from the Blacksburg Conference. Such a "maximalist" university will reach deep into the research and development process to stimulate protectable ideas; it will invest heavily in developing, incubating, and promoting these ideas; and in order to encourage technology transfer, it may be willing to impose direct or indirect controls on the ability of its investigators to publish or disseminate research results while offering industry the most lucrative package it can provide.

What seems a new and disquieting prospect for the decades ahead, in short, is the convergence of the two trends identified above. On the one hand, intellectual property law has expanded to the point where it affords some form of protection to virtually the entire university output. On the other hand, the university has begun to make structural and organizational decisions that will permit it to profit from these proprietary rights in an efficient and systematic manner. The maximalist university willing to exploit the bulk of its research is thus gearing up to make use of an increasingly protectionist intellectual property system that is capable of providing legal devices for accomplishing its goals.

How can responsible administrators reconcile these developments with the pristine functions of the university's academic mission? And what of the minimalist university, faithful to the spirit of Pajaro Dunes, that strives to maintain its balance and integrity as an institution of higher learning? Recent studies have begun to explore these questions in the context of biotechnology and the biomedical sciences. The next section of this Article examines selected problems that the exploitation of proprietary rights in computer software poses for university professors and administrators who remain concerned about the integrity of

165. See infra notes 426-39 and accompanying text.
166. See Gibson & Smilor, supra note 164, in Blacksburg Conference, supra note 24. The plans of the ambitious university are likely to be seconded by local authorities who see them as an investment in economic development. Carried to an extreme, this partnership enables the town to reassert much of the influence over the gown that it lost in the 1960s and 1970s. Id.
167. See, e.g., Brooks, supra note 10, 51-53; see also Eisenberg, supra note 11, at 197-205.
168. See supra notes 116-49, 155-67 and accompanying text.
169. See Eisenberg, supra note 11, at 177; Korn, supra note 11, at 191.
their institutional environment.

II. Behavioral Anomalies of Functional Copyrights in the Research Environment

In considering whether to protect and how to exploit new technologies that fall in between its traditional patent and copyright policies, even a minimalist university has to consider that such technology may eventually become the most lucrative of all, especially when measured by revenue gained per dollar of investment in research and development. All universities appreciate the commercial opportunities inherent in current biogenetic engineering projects. This type of research, however, remains relatively capital intensive; it requires lengthy periods of gestation; and it is complicated by bureaucratic regulation. Computer software and microelectronics, in contrast, can yield large returns from comparatively modest levels of investment, and the development of successful but rapidly obsolescent products of this kind in a university environment is far less complicated than the development of biotechnology. 170

A university that evaluates its commercial opportunities from this angle will discover that it probably has overlooked or undervalued the software its faculty has been generating. 171 It may also find little patent consciousness on campus concerning software, 172 largely because of the imprudent efforts of the United States Patent and Trademark Office (PTO) in the 1970s to exclude computer programs from the broad statutory classes of patentable subject matter. 173 The extent to which both the courts and the PTO have now reversed direction and are moving to recapture lost ground, 174 at times by recognizing questionably broad

170. See, e.g., K. Hodgkinson, supra note 2, at 135.
172. See, e.g., Maier, supra note 59, at 152.
claims, is still news to much of the academic community, although some computer scientists have begun to complain that patent protection of computer programs is becoming too strong and counterproductive.175

Most software designs, however, will lack the inventive step needed to qualify for an enforceable patent, and originators will therefore look to copyright law for any proprietary rights they may have.176 Even when a patent issues, concurrent copyright protection may be available, with the copyright covering at least the detailed instructions and the patent protecting against unauthorized programs that "use the idea claimed in the patent algorithm."177 Recourse to copyright law will then expose

Maier, supra note 59, at 157-59 (stating that "[software patentability is a de facto reality today, as the PTO now commonly issues patents for software inventions"; reviews examples of these inventions). Design patents on computer screen displays have also been granted. See generally Khut & Lundberg, supra note 131.

Failure to patent innovative software could cause serious financial losses and embarrassment after its commercial value becomes apparent, if the opportunity to satisfy the statutory prerequisites has been needlessly forfeited. Cf. Massachusetts Inst. of Technology v. AB Fortis, 227 U.S.P.Q. (BNA) 428 (Fed. Cir. 1985) (holding that a paper teaching the claimed cell culture was a printed publication within 35 U.S.C. § 102(b) (1982), which rendered the patent obvious). A university should, therefore, start from the assumption that ways can now be found to patent any software that contains a big idea, even if the validity of these broad-claim patents remains untested. See infra note 177. To preserve the chances that a patent will issue, investigators working with software should be advised of standard procedures concerning pre-disclosure screening, in conformity with the university's overall intellectual property policy.


176. See, e.g., Marks, Software Development as a University Enterprise, at 1 (manuscript pagination) in Blacksburg Conference, supra note 24; supra text accompanying note 65. Practitioners imply that the PTO's current attitude toward patent applications having a software component is indulgent. See generally, Sumner, supra note 64 (discussing broad claims, a wide range of specific implementations, code concepts, and user interfaces).

177. Chisum, supra note 173, at 1015-17; see also Maier, supra note 59, at 158 (stating that basic organization and manner of operation are in principle protectable by a patent); supra note 176. The precise scope of patent protection is still unclear, however, and could be weaker than expected. See, e.g., Texas Instruments, Inc. v. United States Int'l Trade Comm'n, 805 F.2d 1558 (Fed. Cir. 1986); supra note 69 and accompanying text.

As the prospects for patent protection of computer software are consolidated and the dangers of overprotecting computer software in copyright law become better understood, the line of demarcation between these two regimes may become controversial over time. See, e.g., Samuelson, Reflections on the State of American Software Copyright Law and the Perils of Teaching It, 12 Colum.-YI. A.J. & Arts (forthcoming 1989) (recognizing this problem). The same controversy could arise under a sui generis solution unless the problem of cumulation were carefully worked out in advance. Cf. Hinckley, NEC v. Intel: Will Hardware be Drawn into the Black Hole of Copyright?, 3 Computer & High-Tech L. J. 23, 30, 34 (1987) (stressing difficulties of demarcation between hardware and software).
university administrators to an array of unfamiliar problems stemming from the idiosyncratic behavior of functional copyrights in the research environment.

A. Ownership and Authorship of the Software Enterprise

While courts today seem prone to regard computer programs in virtually any format as copyrightable subject matter, universities seeking to assert the proprietary rights arising from this tolerant disposition may encounter delicate problems of ownership that require careful attention. As previously noted, most universities customarily allowed faculty members to retain copyrights in their literary and artistic works while asserting an employer’s right of ownership in patentable inventions developed within the framework of departmental research. Administrators will now discover that, by applying these traditional policies to computer software, universities may have given away the rights to valuable industrial property masquerading as literary works.

1. Academics as Employee Authors

Some commentators believe that the Copyright Act of 1976 will undo past generosity and restore ownership of all faculty-generated copyrights to the universities by operation of law. These commentators contend that, because professors must publish or perish, their publica-

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While a discussion of cumulation lies beyond the scope of this Article, it should be mentioned in passing that the task of separating patent-like protection of industrial designs from overlapping protection of "applied art" in copyright law has proved to be one of the thorniest and most intractable still standing in the way of a unified copyright law for the European Community. See generally Reichman, supra note 5, part II; Reichman, Before the Copyright Act, supra note 61, at 1167-70 (comparative view of cumulation in the context of industrial designs).

178. This copyrightable subject matter includes computer operating systems and application programs, even if perceptible only by a machine, as well as associated text and diagrams, and even file structures. See, e.g., Whelan Assoc. v. Jaslow Dental Laboratories, Inc., 797 F.2d 1222 (3d Cir. 1986), cert. denied, 482 U.S. 1031 (1987); Apple Computer, Inc. v. Formula Int’l Inc., 725 F.2d 521 (9th Cir. 1984); Apple Computer, Inc. v. Franklin Computer Corp., 714 F.2d 1240 (3d Cir. 1983). Microcode also has been held copyrightable. See NEC Corp. v. INTEL Corp., No. C-84-30739-WPG (N.D. Cal. Feb. 5, 1989); Karjala, supra note 105, at 68-69; see generally Hinckley, supra note 177.


In keeping with tradition the University does not claim ownership of works for which the intended purpose is to disseminate the results of academic research or scholarly study; ownership of these works vests in the creator. Similarly, the University claims no ownership of popular nonfiction, novels, poems, musical compositions, or other works of artistic imagination.

Id. at 8.

180. See infra note 197 and accompanying text.
tions are an occupational requirement and therefore “works made for hire” as defined in Section 101 of the 1976 Act.\textsuperscript{181} Title to these works vests initially in the employer and not the author.\textsuperscript{182} Because scholarship affects decisions concerning tenure, promotion, salary, and other benefits, this line of reasoning allows one to conclude that universities already own all the literary and artistic works their faculties produce.\textsuperscript{183}

Yet this result seems rather surprising under a Copyright Act that aimed to strengthen authors’ rights, especially when the legislative history conveys no intention to disturb the “teachers’ exception” to the works-for-hire doctrine that was firmly established under the 1909 Act.\textsuperscript{184} To equate a general duty to write with a duty to produce specific works for a university distorts the nature of academic employment and downgrades the professorial rank to that of an ordinary staff member. Professors are expected to advance their universities’ reputations for high-quality scholarship by publishing suitable research of their own, largely because scientific publications enhance the ability of these same universities to attract the kinds of funds and personnel that ensure fulfillment of their educational missions. That professors are attracted to teaching because research support is provided or that they write to obtain tenure and retain its full benefits hardly entitles a university to regard itself as the author of a scholarly product over which it has exercised no direct supervisory control whatsoever.\textsuperscript{185} In ascertaining the


\textsuperscript{182} According to 17 U.S.C. § 101 (1982), a “work made for hire” is a work “prepared by an employee within the scope of his or her employment.” In such cases, “the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright.” Id. § 201(b). The academic work product will seldom qualify as a “commissioned work” within the meaning of § 101.

\textsuperscript{183} Simon stresses that universities indirectly exert a form of quality control over faculty writing, that universities are the “motivating factor” behind such writing, and that universities bear the bulk of the pertinent costs. Simon, supra note 181, at 502-05.

\textsuperscript{184} See, e.g., Hays & MacDonald v. Sony Corp., 847 F.2d 412, 416-17 (7th Cir. 1988) (noting failure of legislative history to mention teacher’s exception); Dreyfuss, supra note 41, at 597-98; see also DuBoff, supra note 181, at 26 (noting that Congress did not consider the effect of works-for-hire provisions on teachers and arguing that courts should engraft the old exception onto the 1976 statute).

\textsuperscript{185} For cases emphasizing a supervisory function in regard to software, see, e.g., Evans Newton, Inc. v. Chicago System Software, 795 F.2d 889 (7th Cir.), cert. denied, 107 S. Ct. 434 (1986); BPI System, Inc. v. Leith, 632 F. Supp. 208 (W.D. Tex. 1981). See also Aldon Accessories Ltd. v. Spiegel, Inc., 738 F.2d 548 (3d Cir.) (this case, unrelated to software, expands the concept of supervisory control), cert. denied, 489 U.S. 952 (1985). That universities absorb the costs of preparing scholarly works, see Simon, supra note 181, at 604, reflects on the low salaries they pay, especially during the formative period of a young academic’s career. Like medical insurance and other benefits, this support is provided as a sine qua non to attract scholars into teaching despite
scope of university employment for purposes of copyright ownership, moreover, one finds no evidence to suggest that trade usage had altered the well-established teacher exception at the time the 1976 Act was adopted.\textsuperscript{186}

The courts will probably follow the late Professor Nimmer's lead and preserve the academic's ownership of his or her general literary and artistic output,\textsuperscript{187} even though the current provisions on works for hire give rise to diverse and conflicting interpretations.\textsuperscript{188} This position need not automatically dispose of ownership issues concerning new technologies such as computer software, however, because the status of these technologies as copyrightable subject matter did not become fully established until after the adoption of the 1976 Act.\textsuperscript{189} To the extent that trade usage affects the way courts view the scope of employment for determining copyright ownership of new technologies, it might well establish an emerging exception to the "teacher exception" rule as under-

the salary level, not as a \textit{quid pro quo} for a grant of proprietary rights in specific scholarly products.

186. The "teacher exception" would thus form part of the standard bargain-in-fact as it existed in 1976. See Restatement (Second) of Contracts §§ 3,223 (1981). Because custom was clearly a major factor in the pre-1976 disposition, see Simon, supra note 181, at 485-86, there is no reason to displace custom by an overly harsh reading of the statute not bolstered by any evidence of legislative intent to change the previous situation.

If scholarly works are not employee works as defined by § 101 of the 1976 Act, the validity of contractual provisions that seek to reverse this status by characterizing the academic output as a "work made for hire" seems doubtful. Congress mandated that a copyright "vests initially in the author or authors of the work," 17 U.S.C. § 201(a) (1982), and the statute appears to restrict the role of contract to the transfer of rights comprised in the copyright after it has vested in the "author." Id. § 201(b); see, e.g., W. Patry, LATMAN'S THE COPYRIGHT LAW 120 (6th ed. 1986). By the same token, the scholar's work product could not normally qualify as a commissioned work falling within the nine specific categories mentioned in § 101 (works made for hire), and the statutory language should invalidate contractual provisions that attempt to characterize works outside these categories as commissioned works made for hire. Id. §§ 101, 201(a), 201(b); see, e.g., Community for Creative Non-violence v. Reid, 846 F.2d 1485 (D.C. Cir.), cert. granted, 109 S. Ct. 362 (1989); Easter Seal Soc'y for Crippled Children & Adults, Inc. v. Playboy Enter., Inc., 816 F.2d 323 (5th Cir. 1987), cert. denied, 108 S. Ct. 1280 (1988). But see Aldon Accessories Ltd. v. Spiegel, Inc., 738 F.2d 548 (2d Cir. 1984), cert. denied, 469 U.S. 982 (1984). See generally W. Patry, supra, at 118-25. An exception exists for "instructional texts," however, which do fall within the nine categories of possible commissioned works set out in 17 U.S.C. § 101. Such a work would be considered a work made for hire if the university and the academic originator so agree in writing.

187. See, e.g., Hays & MacDonald v. Sony Corp., 847 F.2d 412, 416-17 (7th Cir. 1988) (indicating in dictum that the court was prepared to hold that the teacher exception survived the 1976 Revision of Copyright Law on the theory that such works are not prepared for the employer); Weinstein v. University of Ill., 811 F.2d 1091 (7th Cir. 1987); 1 M. Nimmer & D. Nimmer, supra note 42, § 5.03[B][1][b][i], at 5-17 & n.31.

188. See generally Hardy, Copyright Law's Concept of Employment—What Congress Really Intended, 35 J. Copyright Soc'y 210 (1988). According to Dreyfuss, supra note 41, at 603, "[i]t is hard to think of a setting in which employer authorship is more of a legal fiction." She adds that "new claims for copyright ownership could substantially alter the creative environment for a large segment of the university community." Id. at 592.

189. See supra note 120.
stood at the time the General Revision was drafted.\footnote{190} If a faculty member's output does not become a work made for hire by operation of law, some universities concerned about software and other intermediate technologies may break with tradition altogether and oblige instructors to relinquish copyright ownership of research results as a condition of their employment contracts. These provisions may attempt to characterize all academic output as university owned by virtue of a professor's status as employee-author;\footnote{191} or they may impose a transfer to the university of any proprietary rights in written works that vest in the instructor during that instructor's period of employment.\footnote{192} Whether such clauses will survive attack under either copyright law or the requirement of mutual assent in contracts law remains to be seen.\footnote{193} At the very least, a transfer of all the professor's rights, if otherwise valid, should remain subject to the author's termination right after a period of thirty-five years.\footnote{194}

Other universities go to the opposite extreme by continuing to treat software as a literary work like other literary works, which are exempt from university ownership under the traditional dispensation.\footnote{195} This treatment may result more from confusion or uncertainty than from a deliberate policy decision.\footnote{196} It nonetheless exposes a university to nasty disputes about ownership if faculty-developed software later displays great commercial value, as reportedly occurred at the California Institute of Technology. There the creator of a successful program invoked the "teacher exception" for literary works while the university argued that software possessed a dual nature that made it more like "'hard' inventions."\footnote{197} In the end, the professor left the university, and

\begin{footnotesize}
190. See infra notes 197-205 and accompanying text.
191. See supra note 186 (questioning the validity of this approach).
192. 17 U.S.C. § 201(d) (1982); see, e.g., Dreyfuss, supra note 41, at 627, n. 126. An example of the second approach is the University of Florida Contract.
193. See, e.g., supra note 186. For a spirited attack on involuntary transfers abroad that might cast a domestic shadow as well, see 17 U.S.C. § 201(a) (1982).
194. See 17 U.S.C. § 203 (1982). But if the work is deemed a work made for hire, the employee-author obtains no termination right. Id. § 203(a).
195. See, e.g., Harvard Statement, supra note 27, at ¶ 4 (listing software among copyrightable works to be controlled by faculty creators). It is not clear whether this provision has survived the most recent policy formulation.
197. See Idea supra note 196 (discussing the Symbolic Manipulation Program, authored in part by Professor Stephen Wolfram, who abandoned the project and the university in the wake of disputed claims to ownership). For the dual nature of software, see: Galbi, supra note 65, at 281; Davidson, supra note 100, at 1087; and Davidson, Protecting Software: A Comprehensive Analy-
the program was never fully perfected.

A more sensible policy is for universities to recognize the hybrid nature of computer software and other intermediate technologies and then to formulate their own sui generis positions concerning proprietary rights—positions that deviate from their standard, and one hopes more liberal, provisions on copyrights in general. Stanford University’s guidelines, for example, start by acknowledging software as copyrightable subject matter. The guidelines, however, go on to characterize software as a special case that is normally either a work for hire, a work contracted for by the university, or a work made with significant use of university resources, all of which serve to render copyright protection “inadequate.”\(^{198}\)

Whether accurate or not, this evaluation further serves to rationalize the grouping of software with computer data bases and firmware produced at Stanford, which are all assimilated to a subcategory known as “tangible research property.”\(^{199}\) This subcategory includes additional items such as biological materials, circuit diagrams, engineering drawings, integrated circuit chips, and prototype devices and equipment.\(^{200}\) While this classificatory scheme makes mincemeat of the world’s established intellectual property framework, it nonetheless achieves the desired result by virtue of a special policy applicable to all “tangible research property.” This property is “normally . . . either owned by Stanford or . . . subject to the ownership and other provisions of contracts and grants.”\(^{201}\)

Fashioning special agreements of this kind remains a tricky business at best. For example, policy statements in faculty manuals or the like are not usually signed by faculty members. If the manual deviates from what the Copyright Act provides and the Copyright Act requires a signature to validate the deviation, either the author or the university, absent timely remedial measures, may be denied the benefits of a policy thought to apply but never embodied in a signed instrument.\(^{202}\)

A decision to exempt software and other intermediate technology from the standard ownership provisions of a university's copyright policy, moreover, leads too conveniently to a further decision to draw on the university's standard ownership provisions concerning patentable industrial property. Yet, it is widely believed that neither the "employed to invent" and "shop right" doctrines of patent law nor the work-for-hire provisions of copyright law adequately respond to the exigencies of software producers, and there is still no agreement on how a truly fair deal should be structured. Meanwhile, a university that

of works made for hire); Marks, supra note 176, at 4, in Blacksburg Conference, supra note 24; supra note 186.

203. Although the basic rules of ownership theoretically favor the inventor who conceives or reduces an invention to practice during the course of employment, these rules are offset in practice by the power of the employer to obtain title contractually or specifically to hire the employee to exercise "inventive faculties" on the employer's behalf. Even without these exceptions, the employer may enjoy a "non-exclusive and nontransferable royalty-free license ('shop right') to use the employee's patented invention." 5 D. CHISUM, supra note 19, § 22.03, at 22-9.

The shop right, however, is an uncertain right. See id. § 22.03[3]. For the shop right in the research setting, compare State Board of Education v. Bourne, 150 Fla. 323, 7 So. 2d 838 (1942) (concerning a plant pathologist who was assigned to work on the breeding of sugar cane hybrids and who retained all rights in hybrids of sugar cane as against employer) with State v. Nesal, 152 Fla. 582, 12 So. 2d 690 (1943) (concerning a researcher hired to study the digestibility of citrus waste and to make animal feed from it: holding that the employment was specific enough to give patent rights to the employer).

204. For example, see Articles 45-46 of the French Copyright Law of 1985, supra note 121, which drastically alter the ownership provisions flowing from copyright law in a quasi-copyright or neighboring rights milieu without expressly preserving moral rights and without importing the safeguards of patent law.

205. For example, the policy adopted at Carnegie-Mellon University in 1985 reportedly allows the university an option on both patentable and copyrightable property for a period of 120 days. Copyrights in educational materials, such as textbooks and instructional software, are then normally returned to creators, while commercial software (defined as software that performs a function for the user) will be copyrighted by the University if a market for the item is anticipated. See Memo from Vanderbilt Development Office (Jan. 27, 1986) (on file at the Vanderbilt Law School).

Another possibility is for a university to exact royalties consistent with its support by contractual arrangement while continuing to recognize copyright ownership of the academics who create computer programs as a research product. See, e.g., Dreyfuss, supra note 41, at 640-41 n.179. This approach has the advantage of ensuring the parent university of a share in the proceeds even if the creator moves to another university and takes his copyright with him. Id. But the terms of such contracts are difficult to evaluate prior to the creation of the work, when the level of direct university support may have been minimal. Experience demonstrates that attempts to negotiate profit-sharing agreements on the basis of quasi-ownership claims after the true value of a copyrighted work has become known are risky and may not be conducive to good relations with an instructor-author who has become more marketable.

Even if it turns out that academic ownership of copyrighted works is, on the whole, a more efficient basis for the dissemination of research, as Professor Dreyfuss's study suggests, see generally id., it remains to be seen whether the exploitation of university-generated software, viewed as industrial property in disguise, would be equally efficient under the normal ownership rules of literary and artistic property law, see, e.g., infra notes 383-85 and accompanying text (growing resort of universities to spin-off companies in order to attract venture capital and develop new
refashions its copyright policy with a view to claiming ownership of software will also feel tempted to claim title to all copyrightable subject matter authored by its faculty members, and the latter may lack the bargaining power to resist this tactic.

2. Pitfalls of the Collective Endeavor

Plenty of practical difficulties remain even after the university formulates an appropriate ownership policy. For example, any official policy can govern only software developed within the scope of a professor's or staff member's employment or with the use of university equipment and resources. This restriction posed fewer problems in the days when industrial and scientific innovation typically required shopwork that occurred during working hours and was difficult to hide. Today's software development, however, need not require visible use of the employer's facilities, or at least not the same degree of use. Many professors claim to have created their software at home, outside regular office hours and beyond the scope of employment. These claims pose delicate evidentiary questions that can taint the university's relations with a key faculty member even if a court holds for university ownership in the end.

When software is developed within the scope of university employment, copyright ownership may still be in doubt because of questions about who the real authors were, especially when a team of principal investigators and graduate students collaborated on the work. A high-level source code produced within a university department is often a collective endeavor of this kind. If the finished product becomes a "joint work," for example, each contributor automatically acquires an undivided estate in the entire work along with the power to license it as the contributor deems fit. Joint authors merely owe one another a duty to account for proceeds earned by their work, which must be

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207. E.g., In re Simplified Information Sys., Inc. (Simplified Information Sys. v. Cannon), 89 Bankr. 535 (Bankr. W.D. Pa. 1988); see also Evans Newton Inc. v. Chicago Sys. Software, 783 F.2d 889 (7th Cir.) (stressing supervisory control in determining work-for-hire status), cert. denied, 479 U.S. 949 (1986); Dreyfuss, supra note 41, at 602 (stressing evidentiary problems).
208. See, e.g., Marks, supra note 176, at 3, in Blacksburg Conference, supra note 24.
209. See 17 U.S.C. § 101 (1982) (stating that "[a] 'joint work' is a work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole").
210. Id. § 201(a) (stating that "[t]he authors of a joint work are co-owners of copyright in the work"); see 1 M. NIMMER & D. NIMMER, supra note 42, § 6:06[A], at 6-14.
shared, and none of them may license the work in a manner that
destroy its value to the others.211

The statutory definition of a "joint work" requires the authors' inten
to merge "their contributions . . . into inseparable or interdepen
dent parts of a unitary whole."212 The legislative history emphasized a
need to clarify the nature of these intentions at the time of creation.
The case law, however, continues to allow room for manipulation after the fact213 based on allegations that the end product partook of a "com-
mon design."214

Recent controversies involving the joint efforts of university person-
nel are hardly reassuring in this regard. In one case, the joint au-
thorship doctrine foiled the efforts of a junior scholar in nuclear
medicine to prevent her former mentor, a senior scholar in the same
field, from distributing a syllabus that resulted from their previous col-
laboration.215 In another case, one of several authors of an article on
clinical education in hospital pharmacology sued his fellow investigators
and the university because they had failed to credit him as lead author
in the published version of the work. Despite university funding of the
project, the court treated the article as a joint work rather than a work
made for hire and held that the defendants were entitled to revise the
article and to change the order in which the authors were listed.216

The broad doctrine of joint authorship applied in these cases could
easily extend to the development of major source codes. If it did, each
co-owner of copyright would obtain the right to make and publish his
own derivative works from programs originally developed in a univer-
sity department.217 Because of the practical and commercial importance
of the improved programs that normally are derived from an initial
breakthrough, the ability of a university to maximize profits from its
ownership of program copyrights could turn on its ability to limit the

211. See, e.g., Weismann v. Freeman, 684 F. Supp. 1248 (S.D.N.Y. 1989); Shapiro, Bernstein
& Co., Inc. v. Jerry Vogel Music Co., Inc., 73 F. Supp. 165, 168 (S.D.N.Y. 1947); see generally 1 M.
Nimmer & D. Nimmer, supra note 42, §§ 6.11, 6.12[A]. Termination of transfers would require a

212. See supra note 209.

213. See, e.g., Community for Creative Non-violence v. Reid, 846 F.2d 1485 (D.C. Cir.), cert.
granted, 109 S. Ct. 322 (1989); W. Patry, supra note 186, at 115-16 (citing authorities).

214. See, e.g., Weismann, 684 F. Supp. at 1260 (declining to reject the common design doc-
trine in Edward B. Marks Music Corp. v. Jerry Vogel Music Co., 140 F.2d 286 (2d Cir. 1944) (12th
Street Rag doctrine)). But see 1 M. Nimmer & D. Nimmer, supra note 42, § 6.03 (criticizing this
document).


216. Weinstein v. University of Ill., 811 F.2d 1091 (7th Cir. 1987); see also Community for
Creative Non-violence, 846 F.2d at 1485.

217. See, e.g., Weinstein, 811 F.2d at 1091; 17 U.S.C. §§ 103, 106(2) (1982) (derivative
works).
number of joint owners and to control the pace at which derivative
products are marketed.218 Even though close cooperation between the
university and faculty members who create a computer program seems
indispensable to maximizing profits, the interests of the parties will not
always converge and conflicts between them could threaten the success
of any commercial undertaking.219

To reduce the risk that graduate students might later assert propri-
etary rights, the university could require a waiver in advance; some adm-
istrations already seem to be implementing this procedure.220 The
validity of such a waiver, however, is not altogether free from doubt, at
least when the student pays his own way (a situation that occurs less
frequently in the graduate environment). Even if a waiver were initially
valid, the student who later made a demonstrably significant contribu-
tion to the project might still have grounds for asserting a proprietary
claim221 on the theory that the Copyright Act of 1976 vests initial own-
ership of copyright in the author.222 Under the termination provisions
of the same Act, moreover, even a valid transfer of copyright by stu-
dents to the university could fail to obviate posterior ownership dis-
putes over longer lived software innovations.223

B. Eligibility and the Scope of Protection for Industrial Literature

Beyond these threshold problems of authorship and ownership,
generally troublesome questions about the proper scope of protection
for copyrighted computer software224 become even more perplexing in a
research environment. These questions are, of course, mostly obviated
whenever university software qualifies for patent protection. Any
programmer who satisfies the hard prerequisites of patent law earns the

218. See, e.g., Dreyfuss, supra note 41, at 640 (noting that when group research projects are
carried out, departmental interest in simplifying dissemination may require university ownership).
219. See, e.g., id. at 624-26.
220. Universities that appear to claim rights in student works, at least when the student
receives financial aid, include the Massachusetts Institute of Technology (MIT), see MASSACHUSETTS
INSTITUTE OF TECHNOLOGY COPYRIGHT POLICY ¶ D, E, F (1979) [hereinafter MIT POLICY] and
Indiana University, see INDIANA UNIVERSITY FOUNDATION, supra note 41.
221. See, e.g., Hardy, supra note 188, at 257-58 (stating that graduate students are not workers
for hire in the usual sense of the term).
223. See id. § 203.
224. See, e.g., Nimmer, Bernacchi & Frischling, A Structured Approach to Analyzing the
Substantial Similarity of Computer Software in Copyright Infringement Cases, 20 ARIZ. ST. L.J.
623, 628-34 (1988); Nimmer & Krauthaus, Copyright and Software Technology Infringement: De-
fining Third Party Development Rights, 62 IND. L.J. 13, 60-62 (1986); see also Kajala, supra note
105, at 34-35, 62-66; Menell, supra note 171, at 1329, 1346-72; Wharton, Use and Expression: The
Scope of Copyright Protection for Computer Programs, 5 COMPUTER L.J. 433, 467-68 (1985). For
additional and insightful economic analysis, see Menell, An Analysis of the Scope of Copyright
hard protection it provides in the form of exclusive rights to make, use, and sell the patented software invention.225 Such a patent would rarely cover the coded instructions, which are unlikely to satisfy the nonobvi-
ousness requirement and would thus continue to depend on copyright law; but the patent should protect exceptionally innovative design features pertaining to organization, structure, and methods of operation.226 A patent might also prevent third parties from introducing certain pro-
gams that achieve comparable results with differing code structures, and in this case independent creation would provide no defense to an
action for infringement.227

The tough form of protection afforded by a software patent does
raise tensions with basic academic values,228 but these tensions are no
different in principle from those encountered in working with other in-
termediate technologies, notably biotechnology.229 Because the distinc-
tion between pure and applied research is not well defined in either
field, the exclusive rights a patent confers can extend farther into the
laboratory than is possible in the more conventional applications of
science to industry.230 More aggressive judicial development of an “experimen-
tal use” exception to patentability could offset some of these
tensions and help to reconcile the goals of scientific progress with those
of patenting new technological research.231

When a university relies on copyright law to protect computer pro-

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225. See 35 U.S.C. § 271(a) (1982); see also Maier, supra note 59, at 158.

226. See Maier, supra note 59, at 158. Exceptionally innovative screen displays would also
qualify for design patents. See, e.g., Kluth & Lundberg, supra note 131. The standards of patenta-
bility, of course, must be met in each case. Maier suggests that coded instructions would benefit
indirectly from protection of the key functional elements, Maier, supra note 59, at 158, but this
conclusion may assume a too favorable reading of the doctrine of equivalents.

227. See, e.g., Maier, supra note 59, at 158-60 (noting that this result contrasts with the soft
protection of copyright law). But see Texas Instrument cases, cited supra note 69; Becker, supra
note 69, at 47-50 (warning that broad claims may be narrowly construed for infringement
purposes).

228. See, e.g., R. Stallman, supra note 175, at 5-6. Along with some constraints on the com-
puter scientist’s freedom to publish, a degree of secrecy in the laboratory will probably be needed.
See supra notes 46-49 and accompanying text.

229. See, e.g., Eisenberg, supra note 11, at 190-95, 197-200, 206-17.

230. See, e.g., Newell, supra note 175, at 1026, 1033. Newell stated that “[a]ll of computer
science is directly related to use. There is essentially no gap, no matter how pure or basic the
science is.” Id.; see also Eisenberg, supra note 11, at 195, 217-20. Eisenberg notes: “In this field
[biotechnology], the traditional dividing line between basic and applied research is blurred. Not
only has the historical time lag between the two collapsed, but it has become difficult to character-
ze research problems as belonging in one category or the other.” Id. at 195.

231. See, e.g., Chisum, supra note 173, at 1019 (noting that the absence of a well-defined
exemption to the novelty requirement for research and experimentation in patent law is trouble-
some for computer technology and fields such as chemistry and biotechnology); Eisenberg, supra
note 11, 219-26 (discussing ambiguities of case law concerning experimental use doctrine). But see
supra note 175 (discussing views of those who fear that patent protection of computer software
inhibits scientific progress).
grams, in contrast, the tensions with academic principles and values become far more subtle and complex.

1. "Originality" and the Burdens of Overlapping Claims

On the bright side, copyright protection arises automatically from the act of creation, without cost to or extra effort by the authors, and it is not compromised by premature publication or disclosure.\(^\text{232}\) Because the copyright paradigm affords soft protection on soft conditions for a long period of time and does not require either novelty or nonobviousness, every academic programmer can, in principle, protect the original expression of his or her program provided that it has not been copied from another's work.\(^\text{233}\) Programmers cannot, however, copyright the ideas, methods, discoveries, or principles embodied in their work,\(^\text{234}\) and the fair-use defense builds an exemption for scholarly and scientific pursuits into the basic protective framework of the copyright system.\(^\text{235}\)

While this doctrinal apparatus works tolerably well in the realm of traditional literary and artistic works for which it was devised,\(^\text{236}\) it can produce mischievous results when applied to computer programs, especially in the university environment. For example, because there is no requirement of objective novelty to distance one work from another or from the prior art and because all programmers can copyright their own original expressions, independently created contributions may cluster about unprotectable core ideas, each of which overlaps the others.\(^\text{237}\) All

\(^{232}\) 17 U.S.C. § 102(a) (1982) (stating that "[c]opyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression"); id. § 101 (defining "fixed" and "created"); id. § 408(a) (making registration permissive, not mandatory). For works created between January 1, 1978 and March 1, 1989, the copyright can be invalidated after five years if the work is distributed publicly without notice. See id. §§ 401, 405. For works created after March 1, 1989, even publication without notice will not invalidate the copyright. See Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, § 7, 102 Stat. 2853 (eliminating technical forfeiture because of public distribution without copyright notice).

\(^{233}\) See, e.g., Goldstein, Infringement of Copyright in Computer Programs, 47 U. Pitt. L. Rev. 1119, 1120 (1986). Independent creation thus constitutes a perfect defense to every claim of infringement, even though a second comer achieves comparable results by similar or different means. See, e.g., 1 M. Nimmer & D. Nimmer, supra note 42, § 201[A]. This follows because copyright law protects only the mode of expression in "original work[s] of authorship" and not the underlying ideas. 17 U.S.C. § 102(a), (b) (1982).

\(^{234}\) 17 U.S.C. § 102(b) (1982); infra note 288.


\(^{236}\) See Brown, supra note 101, at 580-89, 606-09.

these contributions can then support individual claims to protection that are subject to no prior specification or examination, nor to disqualification for prior use or disclosure.

As applied to literary and artistic works this approach results in many protectable versions of a common plot, theme, situation, or landscape, each of which reflects its creator's unique personality and subjective imagination.\(^\text{238}\) As applied to utilitarian works, however, the Holmesian premise of diversification through subjective novelty\(^\text{239}\) breaks down\(^\text{240}\) because the motives underlying the act of independent creation have little or nothing to do with expressing the human personality as such.\(^\text{241}\) On the contrary, subjective personalization in the utilitarian milieu tends to produce white elephants that are either dysfunctional or readily undersold by products built around more streamlined or standardized solutions.\(^\text{242}\)

When minimally creative designs of utilitarian objects attract copy-

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1986.


239. See, e.g., Bleistein v. Donaldson Lithographing Co., 188 U.S. 239 (1903) (holding independently created literary and artistic works are innately differentiated by the unique personalities of their authors); Alfred Bell & Co. v. Catalda Fine Arts, Inc., 191 F.2d 99, 102-03 (2d Cir. 1951).

240. See L. Batlin & Son, Inc. v. Snyder, 536 F.2d 486, 490-92 (2d Cir.) (en banc) (requiring quantitative creativity for reproductions of commercial designs already in the public domain and denying eligibility to products of "physical skills"); cert. denied, 429 U.S. 857 (1976); see also Chamberlin v. Urs Sales Corp., 156 F.2d 515, 517 (2d Cir. 1946) (Frank, J.); infra notes 254-56 and accompanying text. See generally Reichman, After the Copyright Act, supra note 61, at 297-321 ("Quantitative Creativity in the Second Circuit").

241. That expression of the human personality constitutes an essential feature of the Holmesian analysis is routinely and conveniently overlooked in the modern context. See Bleistein, 188 U.S. at 239, 250. The court stated:

The copy is the personal reaction of an individual upon nature. Personality always contains something unique. It expresses its singularity even in hand-writing, and a very modest grade of art has in it something irreducible, which is one man's alone. That something he may copyright unless there is a restriction in the words of the act.

Id.; see also Goldstein, supra note 233, at 1123 (stating that the "premise of patent law is that high standards and a high level of protection reward investment in substantial technological improvements"); premise of copyrights is that, given low standards and a low level of protection, authors "will direct their efforts and be free to direct their efforts towards expressly different works"); Reichman, After the Copyright Act, supra note 61, 276-83 (discussing the distinction between creative works and products of skilled efforts in comparative legal theory).

242. See, e.g., Conference Report, LaST Frontier Conference on Software Protection, Arizona State University College of Law, Science and Technology, February 13-14, 1989, at 4 (first full Committee Draft, February 26, 1989), to be reprinted in Justmerrics J. (1989) [hereinafter Conference Report] (noting that "the predominant, if not exclusive, goal in the design of computer programs is the achievement of functional objectives, such as speed of computing, efficient use of memory, optimization of input/output functioning, and ease of testing, maintenance, and enhancement"). The Conference Report is a proposed consensus statement about the application of traditional copyright principles to computer programs, to be signed by 10 law professors; citations are only to those portions of the text that had obtained full consensus at the time of writing.
right protection in the form of two-dimensional graphic or verbal representations, and these designs are subsequently embodied in three-dimensional utilitarian objects. A copyright paradigm devised to regulate the market for literary and artistic works can become a tool for restraining trade on the general products market. Uncritical application of the pure theory of copyright law to works having an industrial character will oblige courts to validate minuscule variations on the prior art as “original works of authorship” that other authors copy at their peril, even though the range of marketable variations in utilitarian products is limited by functional exigencies and by market expectations of performance. Given both the lack of any predetermined metes and bounds around the copyrightable estate and the existence of a judicial bias against close imitation, any grant of exclusive reproduction rights may extend beyond the modest quantum of originality used to qualify for protection and invest first comers with colorable claims to nonprotectable matter, including functionally efficient solutions that

243. Although the “dual nature” of computer programs is now clear and conceded even by those who favor strong protection for computer software, see supra note 100, the Copyright Act of 1976 insisted on a technical definition of “useful articles” that exempted industrial literature from the separability test otherwise employed to restrict the copyrightability of industrial art. See 17 U.S.C. § 101 (1982) (defining “useful articles” as “article[s] having an intrinsic utilitarian function that is not merely to portray the appearance of an article or to convey information” (emphasis added); id. (defining “Pictorial, graphic, and sculptural works” (codifying separability tests for designs of useful articles)); id. (defining “literary works” (including “computer programs,” as defined, but containing no test of separability)); see also infra notes 291-96 and accompanying text (comparing “unity of art” doctrine in France with “unity of literature” approach in the United States); infra note 288 (reinterpreting Baker v. Selden).

244. See, e.g., B. Kaplan, AN UNHURRIED VIEW OF COPYRIGHT 55 (1966) (noting “dangers of injecting copyright into complex, going market mechanisms”); Reichman, Before the Copyright Act, supra note 61, at 1197 (discussing the “two-market conundrum” of commercial designs); see also Reichman, supra note 5, part II.

245. For the conventionally broadest application of the originality doctrine to artistic works, see Alfred Bell, 91 F.2d 99. For the broadest applications to commercial designs, viewed as “works of applied art” under the 1909 Act, see Reichman, After the Copyright Act, supra note 61, at 238-303 (“Excesses of the Copyright Approach”). For the broadest applications to literary works in the period since passage of the 1976 Act, see West Publishing Co. v. Mead Data Central, Inc., 799 F.2d 1219 (8th Cir. 1986), cert. denied 107 S. Ct. 962 (1987) and NEC Corp. v. Intel Corp., No. C-84-2079-WPG, slip op. at 4-5 (N.D. Cal. Feb. 6, 1989) (originality of microcode).

246. See, e.g., Laurie & Keesaufer, Protection of Computer Software (American Group of A.I.P.P.I Report Q97, 1989), reprinted in Arizona State University College of Law, Cases & Materials for Last Frontier Conference on Software Protection 260, 263 (Feb. 13-14, 1989) [hereinafter Last Frontier Conference] (stating that function task and programming language narrow the available range of implementing expression); id. at 234 (stating that independent creation is a chimerical defense in the area of compatible software); see also NEC Corp., No. C-84-2079-WPG (recognizing the problem in regard to microcode, but applying the lowest standard of originality).

247. See Conference Report, supra note 242, at 3-4; see also discussion supra note 247.

248. See, e.g., Nimmer, Bernacchi, & Frischling, supra note 224, at 628 (noting “numerous common programming techniques found in a wide variety of programs”); id. at 642-43 (advising courts that program elements dictated by external considerations are tainted by “[l]ack of
prudent second comers will feel obliged to work around in order to forestall actions for infringement. 249

Unlike patent law, in short, which allows second comers to use freely all unpatentable innovations, the amorphous nature of copyright protection dictates that when any programmer’s modest quantum of protectable originality overlaps the protectable quantum of other programmers working in the same field, complaints about “copying” become feasible. 250 In this and other ways, the copyright paradigm extends its protective mantle deeper into the application phases of computer science than is possible when only patent law applies. 251 Because it is difficult to separate basic from applied research in this field, 252 the exercise of overly broad and exclusive reproduction rights at

[originality]; id. at 643-49 (including hardware standards, software standards, computer manufacturers’ design standards, “target industry practices,” and computer industry programming practices in the list of nonoriginal program elements).


Taken one by one, arguments can be advanced to justify the results in each of these cases. Taken all together, the degree of copyright protection potentially available to minor functional variations on core or standard technical ideas appears alarming. See, e.g., Karjala, United States Adherence to the Berne Convention and Copyright Protection of Information-Based Technologies, 29 Jurimetrics J. 147, 149-50 (1988); Menell, supra note 171, at 1339-46 (noting the dangers of legal protection for product standards); supra note 248; see also Samuelson, Why the “Look and Feel” of Software Should Not Be Protected by Copyright Law (unpublished paper), reprinted in LaST Frontier Conference, supra note 246, at 443-54 (stating that “[i]f ‘unoriginal’ material is not protectable by copyright, then it should not be inadvertently swept back in by application of a ‘look and feel’ test”).

250. See, e.g., Karjala, supra note 249, at 149 (noting that advances in software design are always similar to prior works); Nimmer, Bernacchi & Frischling, supra note 224, at 629-34 (discussing technical difficulties in determining substantial similarity of computer programs); Conference Report, supra note 242, at 4 (warning courts not to extend protection to functional or utilitarian features); see also Goldstein, supra note 233, at 1122 (stating that “copyright [law], designed to promote the arts, casts too low and wide a net properly to promote technology”).

251. See Newell, supra note 175, at 1026 (stating that “[a]ll of computer science is directly related to use”); id. at 1032-33 (refuting the “black box” thesis of Davidson, supra note 100). Newell states:

As anyone in computer science knows, the boundary between data and program—that is, what is data and what is procedure—is very fluid. In fact, . . . there is no principle distinction in terms of form or representation of which is which. What counts is the total body of knowledge represented somehow in the assembled symbolic expressions. This totality determines the ultimate behavior of the machine. . . . Because of this, what is outside his [Davidson’s] black box and what is inside it is open to great manipulation, either to avoid or to create copyright problems, as the case may be.

Id. at 1033 (emphasis added).

252. See supra note 175 and accompanying text (view of Newell).
the application phase can then fuel claims of infringement having serious repercussions at a more theoretical level.283

Aware of these contradictions, some courts have sought to modify the standard doctrine of originality as applied to both utilitarian and factual works under the 1976 Act. In particular, the Court of Appeals for the Second Circuit has sporadically developed a “substantial creativity” requirement for works of applied art;284 for derivative works in general;285 and, more recently, for so-called factual compilations of a utilitarian nature.286 An insistence on “substantial creativity” rather than just independent creation in this line of cases aims to preserve elbow room for competitors and to reduce the possibilities for harassment inherent in grants of exclusive rights to miniscule variations on the prior art.287 The Ninth Circuit has tried to reach comparable results by means of a deliberately expansive reading of the subject-matter exclusions under Section 102(b) of the 1976 Act in cases dealing with factual and functional works of a utilitarian character.288


285. See, e.g., Durham Indus., Inc. v. Tomy Corp., 630 F.2d 905, 909-11 (2d. Cir. 1980) (holding that the Batlin standards of originality and creativity, initially applied to works copied from the public domain, would now extend to works derived from other works still in copyright, for which “the originality requirement imposed by the Constitution and the Copyright Act has particular significance”); see also Eden Toys, Inc. v. Florestes Undergarments Co., 697 F.2d 27, 33-34 (2d Cir. 1983); Norris Indus., Inc. v. Int’l Tel. & Tel. Corp., 696 F.2d 918, 920 n.2 (11th Cir. 1982) (copyright office applying the Batlin standard of originality but not adjudicating the issue), cert. denied, 464 U.S. 818 (1983); Reichman, After the Copyright Act, supra note 61, at 342-43 (discussing this aspect of Durham); id. at 320 n.281, 342 n.430 (suggesting the desirability of limiting Batlin to cases of commercial design, a suggestion that this Article disavows).

286. See Financial Information, Inc. v. Moody’s Investors Servs., Inc., 808 F.2d 204, 207-08 (2d Cir. 1986) (holding that the arrangement of information on bond redemption cards was not an original work of authorship).

287. See Durham Indus., 630 F.2d 905; L. Batlin & Son, 536 F.2d 486; see also Toro Co. v. R & R Prod. Co., 787 F.2d 1208 (8th Cir. 1986) (holding that a parts numbering system was not an original work of authorship).

The extension of a quantitative creativity doctrine to computer programs as "works of applied literature" is both logical and appropriate. It would, indeed, simply build upon an early opinion of the Second Circuit, in which Judge Jerome Frank applied a substantial creativity criterion to limit the eligibility of a set of rules for playing a game.\footnote{260} It would also enable courts to avoid the logical paradox that arises when they imply that close or slavish imitation can produce a finding of infringement even when only noncopyrightable elements have been taken.\footnote{261} Recently, the Register of Copyrights managed to convince one federal district court that a videgame should be denied copyright protection for lack of sufficient creativity.\footnote{262} The Ninth Circuit has also found no protectable subject matter in a videgame.\footnote{263} Whether courts in this country will further develop threshold barriers to limit the protectability of computer programs that rely on solutions that are standard or commonplace in the trade, as has occurred in the Federal Republic of Germany,\footnote{264} remains to be seen.\footnote{265}

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convert noncopyrightable subject matter into copyrightable matter in cases of close imitation. See infra note 260.

259. Chamberlin v. Uris Sales Corp., 150 F.2d 512, 513 (2d Cir. 1945) (Frank, J.) (requiring "substantial originality," which can only mean substantial creativity). Judge Frank authored the famous opinion in Alfred Bell & Co. v. Catalda Fine Arts, Inc., 191 F.2d 99 (2d Cir. 1951), which lowered the doctrine of originality to its least exigent level for works of art; his opinion in Chamberlin was cited with approval by the Second Circuit en banc in Battin. For the view that the extension of the Alfred Bell doctrine from an artistic to an industrial milieu works mischief, see Kodule Toy, 183 U.S.P.Q. (BNA) 642 (Dooling, J.).

260. For example, see the Cooling Systems and Landsberg opinions in the Ninth Circuit, supra note 258, and even the Frybarger opinion, infra note 262. The logical paradox mentioned in the text was rightly rejected by the Second Circuit in Battin v. Snyder and its progeny, supra notes 254-55, which recognized that minimally creative commercial designs do not necessarily satisfy the Bleistein postulate. See supra notes 241-42 and accompanying text. For signs that the Ninth Circuit is inching toward a more restrictive view of the eligibility requirement, as applied to borderline subject matter, see infra note 262 and accompanying text (Frybarger and Worth opinions).

261. See Atari Games Corp. v. Oman, 695 F. Supp. 1204 (D.D.C. 1988) (denying a videgame copyrightability for lack of creativity, and holding that it was not an original work of authorship within 17 U.S.C. § 102(a) (1982)).

262. Data East USA, Inc. v. Epyx, Inc. 862 F.2d 204 (9th Cir. 1988); see Frybarger v. International Business Mach. Corp., 812 F.2d 525 (9th Cir. 1987) (holding that each of the similar features in question was a basic idea of videogames; indispensable expression of basic ideas was not identical and therefore was unprotectable). It follows that there was no "original work of authorship" within the meaning of 17 U.S.C. § 102(a) (1982). See also Worth v. Seichow & Rigter Co., 827 F.2d 569 (9th Cir. 1987) (holding that sweat-of-the-brow selection was not copyrightable), cert. denied, 109 S. Ct. 1271 (1988); Herbert Rosenthal Jewelry Corp. v. Kalpakian, 446 F.2d 738, 742 (9th Cir. 1971) (holding that the idea and expression of jewelry design were inseparable; protecting the expression would confer a monopoly on the idea).

Meanwhile, in a field in which innovation occurs through sequential and cumulative improvements,\textsuperscript{265} every researcher making use of another researcher's prior art can expose himself to potential liability for infringement, or at least to litigation, absent explicit authorization for use.\textsuperscript{266} This exposure prompts university lawyers to consider obtaining defensive permission from researchers already working in a given area,\textsuperscript{267} but this practice can cause the very litigation that it seeks to avoid. Once a university routinely decides to exploit its software commercially, moreover, there is no guarantee that it will honor requests for permission from other universities' departments that later may become competitors. In addition, there is a built-in temptation to demand substantial fees from other universities even for research purposes.\textsuperscript{268}

2. Uncertain Efficacy of the Traditional Defenses

To be sure, independent creation remains a perfect defense to any action for infringement of copyrighted computer programs.\textsuperscript{269} But how often does independent creation accurately characterize a university research environment in which "innovation occurs through sequential and cumulative improvements"?\textsuperscript{270} Computer scientists always borrow from

\footnotesize{Court, 20 Nov. 1988) and "Topographische Land Karten" decision, 1 ZR 32285 (Federal Supreme Court, 2 July 1987). While the \textit{Inkasso} decision limited copyright protection to programs demonstrating an "obviously above-average creative achievement," the lower courts have reportedly been less strict regarding the creative level. In practice, "it is sufficient that an expert versed in computer programs confirms the existence of a certain novelty that could not be achieved by an "average computer programmer." " Lehman, \textit{The Legal Protection of Computer Programs in Germany: A Summary of the Present Situation}, 19 IRL Rev. Issus. Prop. & Copyright L. (IIC) 473, 474-76 (1988). \textit{But see} Kindermann, \textit{supra} note 120, at 206 (saying that some BGH decisions have relaxed the standard of eligibility for borderline utilitarian works and downplaying the importance of the \textit{Inkasso} decision). In these and earlier cases, the Supreme Court in the Federal Republic of Germany has attempted to align the standard of eligibility for computer programs with the higher standard of creativity previously applied to industrial designs (applied art) and engineering diagrams. See, e.g., Reichman, \textit{After the Copyright Act, supra} note 61, at 323-40 ("Partial Cumulation in the German Manner"). This alignment goes too far. In contrast, the \textit{Butlin} standard of substantial creativity, recommended in the text, remains a soft and workable standard that avoids the rigidity of the \textit{Inkasso} standard in the Federal Republic.

264. The first decision on microcode, arising in the Ninth Circuit, has insisted on applying the lowest possible standards of originality and creativity, devised for works of art, to the least creative and most standardized form of computer program. See NEC Corp. v. INTEL Corp., No. C-84-20759-WPG, slip op. at 4-6 (N.D. Cal. Feb. 5, 1989).

265. \textit{See infra} note 270.

266. \textit{See supra} note 260 and accompanying text.

267. \textit{See, e.g.,} Marks, \textit{supra} note 176, at 3, in Blacksburg Conference, \textit{supra} note 24 (emphasizing the need for permissions).

268. \textit{See id.}

269. \textit{See Conference Report, supra} note 242, at 8-10 ("Guidelines for Program Development").

270. Karjala, \textit{supra} note 105, at 39; \textit{see also}, Nimmer & Krauthaus, \textit{supra} note 224, at 30, 61;
one another; indeed, they must do so to remain scientifically valid.\textsuperscript{271}

a. Aberrations of the "Unity of Literature" Approach

When a second researcher analyzes previously copyrighted software, the knowledge he gains enables the aggrieved owner of copyright to establish that the second comer had "access" to the program—that is, a legal opportunity to copy it.\textsuperscript{272} Proof of access can lead to heightened judicial scrutiny of program similarities and, at least in courts that apply the strong-arm tactics some commentators recommend,\textsuperscript{273} to a presumption of copying even when mostly unprotectable similarities are detected.\textsuperscript{274} In short, if expert witnesses detect similarities in a second program, its academic originators may have difficulty proving independent creation despite the paper trail that they are likely to leave behind.\textsuperscript{275}

If the second programmer or his university invokes the fair use defense, this doctrine should, of course, provide a refuge so long as a dispute over proprietary rights remains in a purely academic setting.

\textsuperscript{271} See, e.g., Karjala, supra note 249, at 149 (observing that "advances necessarily include much that is taken from the existing base"); Samuelson, supra note 177 (stressing that the nature of technologies, which are built upon each other, requires technicians to look at prior work); see also Menell, supra note 171, at 1357 & n.163 (remarking on the extent to which university research has contributed to the development of operating systems programs during the period in which universities were relatively indifferent to the availability of legal protection; querying effects of new-found interest in commercialization of university research). See generally Stallman, supra note 175 (discussing the spirit of scientific cooperation and the disincentives of hoarding information).

\textsuperscript{272} Once ownership of a protected work is established, a successful action for infringement typically requires proof of access plus substantial similarity. Direct proof of infringement is seldom available. See, e.g., 3 M. Nimimer & D. Nimimer, supra note 42, \S 13.01[B].

\textsuperscript{273} See Conley & Bryan, A Unifying Theory for the Litigation of Computer Software Copyright Cases, 63 N.C.L. Rev. 563 (1985); Davidson, supra note 100, at 1080-604, 1115 (discussing black box model); see also Note, supra note 270, at 1294-1302 (Iterative test). But see Goldstein, supra note 255, at 1124-26 (arguing that only thin protection is available for computer programs).


\textsuperscript{275} See, e.g., Karjala, supra note 249, at 149 (stating that substantial similarity between "current advance and some prior work is the rule and not the exception"); see also Goldstein, supra note 235, at 1126 n.29 (noting that infringement requires unlawful appropriation, not proof of copying alone; criticizing M. Kramer Mfg. Co. v. Andrews, 783 F.2d 421 (4th Cir. 1986) in this regard).
These disputes, however, are more likely to arise after a software project is exploited commercially, with or without the support of the originator’s university, in which case the question of who copied what will surface in a business context. Conflicting claims over technical revisions, improvements, and adaptations are of primary concern here, because these efforts will result in the commercial payoff and determine who controls any software packages that are derived from the original project and geared to different market segments. At this point the bottom falls out of the fair use defense because the Supreme Court has fashioned a nearly conclusive presumption that unauthorized use of another’s work for commercial gain is unfair by definition if the elements of infringement have been established.

This leaves the idea-expression defense and a body of precedents affording functional works relatively “thin” protection in copyright law. These two notions traditionally worked hand in hand. The functionality of a work would induce the courts to narrow the quantum of actionable expression; to perceive infringement only in the presence of close imitation; and to override the exclusive rights of reproduction if they indirectly prevented third parties from using functional features embodied in or conveyed by otherwise copyrightable works of art and literature. No matter which of these solutions courts have adopted in

276. See, e.g., Q-Co. Indus., Inc. v. Hoffman, 629 F. Supp. 698 (S.D.N.Y. 1985); cases cited supra note 274; see also Maier, supra note 59, at 168; Menell, supra note 171, at 1338 (noting greatly increased demand for general purpose application packages); Stallman, supra note 175, at 4.


279. See supra note 278; Goldstein, supra note 233, at 1124 (discussing judicial tendencies to protect a narrow range of “equivalents” in such cases so that underlying function is not monopolized). The Conference Report states:

[The quantum of protectable expression . . . varies with the nature of the work. Courts have treated artistic works . . . as predominantly expressive . . . Works in which functional elements predominate, such as rulebooks, architectural plans, and business forms, generally exhibit only limited expressive elements and have correspondingly received less protection under copyright law.

Conference Report, supra note 242, at 3 (quoting tentative draft).

280. See, e.g., Baker v. Selden, 101 U.S. at 103. The Court stated:
The copyright of a book on perspective, no matter how many drawings and illustrations it may contain, gives no exclusive right to the modes of drawing described. . . . The fact that the art [as] described in the book by illustrations of lines and figures which are reproduced in practice in the application of the art, makes no difference. Those illustrations are the mere language employed by the author to convey his ideas more clearly. Had he used words of
particular cases, their reasoning uniformly has stressed the need to ensure that manufacturers of borderline utilitarian works could not employ the copyright law, with its low threshold of eligibility, to monopolize functional features that failed to meet the much stricter criteria for patent protection.\textsuperscript{281}

Notwithstanding this robust tradition derived from the Supreme Court's decision in \textit{Baker v. Selden},\textsuperscript{\textit{282}} the promoters of strong copyright protection for computer software\textsuperscript{283} have so far managed to convince influential courts that software deserves a better deal and that more aggressive standards of infringement should apply.\textsuperscript{284} These courts believe that copyright protection for the coded instructions alone is too weak; and that the concept of "copyrightable expression" may embrace even functional and standardized features of user interfaces\textsuperscript{285} or ele-

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\footnotesize{description instead of diagrams (which merely stand in the place of words), there could not be the slightest doubt that others, applying the art to practical use, might lawfully draw the lines and diagrams which were in the author's mind, and which he thus described by words in his book.

The copyright of a work on mathematical science cannot give to the author an exclusive right to the methods of operation which he propounds, or to the diagrams which he employs to explain them, so as to prevent an engineer from using them whenever occasion requires. The very object of publishing a book on science or the useful arts is to communicate to the world the useful knowledge which it contains.

\textit{Id.} (emphasis added); see also H. Ball, The Law of Copyright and Literary Property 126, 274-77, 281, 391-95 (1944)(citing cases); A. Weil, American Copyright Law 191, 209, 411-12 (1917); infra note 288 and accompanying text.

\textit{281. See} cases cited supra note 278. The Court in \textit{Baker v. Selden} stated: "To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters-patent, not of copyright." \textit{Baker v. Selden}, 101 U.S. at 102.

It should be stressed that the Supreme Court expressly exempted true literary and artistic works from the sweep of its opinion:

Of course, these observations are not intended to apply to ornamental designs, or pictorial illustrations addressed to the taste. Of these it may be said, that their form is their essence, and their object, the production of pleasure in their contemplation. This is their final end. They are as much the product of genius and the result of composition, as are the lines of the poet or the historian's periods. On the other hand, the teachings of science and the rules and methods of useful art have their final end in application and use; and this application and use are what the public derive from the publication of a book which teaches them.

\textit{Id.} at 103-04.

\textit{282. 101 U.S. 99 (1879).}

\textit{283. See supra note 273; see also} Clapes, Lynch, & Steinberg, Silicon Epics and Binary Bards: Determining the Proper Scope of Copyright Protection for Computer Programs, 34 UCLA L. Rev. 1493 (1987); Davidson, Protecting Software, supra note 197; Hauptman, A Perspective on "Look and Feel" and "SSO", Paper Presented to the LaST Frontier Conference on Software Protection, Center for the Study of Law, Science and Technology, Arizona State College of Law (February 13-14, 1989).

\textit{284. Despite disagreement among commentators and "a variety of analytical styles[,] the cases indicate a widespread and highly protectionist attitude toward intellectual creations involving computer software." Karjala, supra note 105, at 35; see cases cited infra note 286.}


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ments of structure, sequence, and organization. These courts are also persuaded that the old idea-expression doctrine assimilates all posterior judicial limitations on the exclusive rights to reproduce utilitarian works. In reality, doctrines overriding the reproduction rights were functionally and historically distinct until a leading commentator’s strained reading of Baker v. Selden began to narrow the issues from the 1950s on.


287. See Whelan Assoc., 797 F.2d 1222; supra notes 285-86.

288. See 1 M. Nimmer & D. Nimmer, supra note 42, § 2.18[A], [B] (carrying forward an interpretation of Baker v. Selden that was launched in the earliest editions of Professor Nimmer’s celebrated treatise). Following the Supreme Court’s 1979 decision in Baker v. Selden, a few courts perverted its teaching about infringement into a de facto substantive prerequisite of eligibility that disqualified works “intended for use.” See id § 2.18[B][1]. But a “purpose test” or “end use test” of this kind confuses the concept of a work of authorship with its material support (see 17 U.S.C. § 102 (1982)) and is rejected by all developed copyright systems. See, e.g., F. Perret, supra note 75, at 238-42. This end-use test of eligibility properly was rejected by the United States Supreme Court in Mazer v. Stein, 347 U.S. 949 (1954); and it was Professor Melville Nimmer’s efforts to justify and explain this decision that led him to reinterpret the larger tradition derived from Baker v. Selden. See 1 M. Nimmer & D. Nimmer, supra note 42, §§ 2.18[C][2], 2.18[D].

Unfortunately, Professor Nimmer’s efforts to dispatch Baker v. Selden as a false barrier to eligibility led him to introduce an even greater fallacy than the purpose test by assimilating the entire Baker v. Selden tradition at the infringement stage to the much earlier idea-expression dichotomy. See id. § 2.18[D] (stating that Mazer’s emphasis on the idea-expression distinction constitutes “The Proper Limits of Baker v. Selden”). Based on this interpretation, Baker v. Selden would have been superficial at the time it was handed down, because the idea-expression doctrine dates back to the earliest origins of both domestic and foreign copyright law, and it was readily available to the Court if that was the point it had wanted to make. See, e.g., E. Bronk, A TREATISE ON THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS IN GREAT BRITAIN AND THE UNITED STATES 93 (1879) (reprint ed. 1972) (restricting literary property to “the intellectual creation . . . embodied in . . . language” and recognizing “no property in thoughts, conceptions, ideas, sentiments . . . apart from their association”); F. Perret, supra note 75, at 134-58 (reviewing idea-expression distinction in comparative copyright law).

In reality, the historical role of Baker v. Selden was to override the exclusive reproduction rights as applied to utilitarian works in a very particular set of circumstances. These were cases in which the standard defenses (including idea-expression) appeared insufficient to guarantee a third party’s right to use functional features embodied in the work because that use seemed to entail an unauthorized reproduction of the protected work, including its actionable subject matter. The decision in Baker v. Selden authorized the reproduction in the event of such a conflict in order to facilitate use of the unprotectable utilitarian features as such. See Baker v. Selden, 101 U.S. at 103. The Court stated:

The fact that the art [is] described in the book by illustrations of lines and figures which are reproduced in the application of the art, makes no difference . . . He had used words of description instead of diagrams . . . there could not be the slightest doubt that others, applying the art to practical use, might lawfully draw the lines and diagrams . . . which he [the
How this curious state of affairs came about and whether it will

author] thus described by words in his book . . . The copyright of a work on mathematical science cannot give . . . an exclusive right to the methods of operation . . . or to the diagram he employs to explain them, so as to prevent an engineer from using them whenever occasion requires.

Id. (emphasis added); see supra note 280 (quoting the passage in full); see also H. Ball, supra note 280, at 124 (discussing idea-expression); id. at 125-26 (discussing cases in which the reproduction right was overridden to permit use of nonprotectable matter); id. at 274-82 (illustrating override of reproduction right as a special instance of fair use derived from Baker v. Selden); id. at 396-98 (noninfringement of technical drawings, citing Baker v. Selden, among others); A. Weil, supra note 280, at 191, 411-12 (emphasizing the role of Baker v. Selden as a limitation on the reproduction right and not as a test of copyrightability).

To the extent that Baker v. Selden limited the reproduction right in this way, it subordinated copyright protection of functional works to the predominance of the patent paradigm. See supra note 281 (quoting Baker v. Selden, 101 U.S. at 103-04); see also 17 U.S.C. § 113(b) (1982) (codifying one branch of this same tradition). From the modern perspective, the role of Baker v. Selden was simply to prevent the reproduction right from operating as a de facto droit de destination, or right to control end use, in the borderline zone of utilitarian works. Such a right of end use is, perhaps, justifiable for artistic works. Compare, e.g., F. Gotzen, Het Bestemmingsrecht van de Auteur (French summary 1975) (describing and supporting the right to control end use) and Desurmont, The Author's Right to Control the Destination of Copies Reproducing His Work, 12 Colum.-VLA J.L. & Arts 481, 502-04 (1988) with 1 M. Nimmer & D. Nimmer, supra note 42, § 2.18[A] (noting: "Thus, the mere fact that rights granted under the Copyright Act may indirectly result in a monopoly of use of the copyrighted work will not prevent the enforcement of such rights, notwithstanding the absence of an expressly granted 'right of use' "). See generally Annual Study Session of the Association Litteraire et Artistique Internationales (ALAI), On "Issues Involving the Distribution of Exemplars of Protected Works." Munich (Oct. 5-8, 1988) (proceedings forthcoming 1989) (dealing with the droit de destination). But such a right becomes pernicious when it enables the copyright owner to control the end use of functional features embodied in or conveyed by a utilitarian work.

The pristine application of Baker v. Selden, in other words, was as a species of "fair use" devised for utilitarian works and understood as such by Nimmer's immediate predecessors. See, e.g., H. Ball, supra note 280, at 274-78 (routinely citing Baker v. Selden in context of fair use of "Books on Science or the Useful Arts"); cf. Conference Report, supra note 242, at 9-10 (tentative draft) (suggesting enlarged role for fair use doctrine to permit reverse engineering of computer programs). In this sense Baker v. Selden expressed a general limiting principle, applicable to the reproduction rights in utilitarian works of both art and literature, from which the more specific rules pertaining to designs of useful articles were derived and codified in the bizarre language of 17 U.S.C. § 113(b) (1982). See Reichman, Before the Copyright Act, supra note 61, at 1201-08 (explaining the evolution of § 113(b) as codified in the 1976 Act).

That Baker v. Selden meant something different from the Nimmer interpretation was still clear to Professor Kaplan of Harvard in the mid-1960s. See B. Kaplan, supra note 244, at 63-66 (stating that "the privilege extends to exact copies," criticizing the "regrettable backsliding" to idea-expression in Continental Casualty, and approving that "buildings . . . may . . . be copied down to the last square foot of glass-front despite the existence of copyrighted blueprints); see also id. at 49, 57 (disapproving any notion of a right to control end use). It was partly the insistence of Kaplan (and of his ally at the time, Professor Arthur Miller) on the need to clarify the application of Baker v. Selden to computer programs that delayed further action on the General Revision Bills as they stood in 1967. See, e.g., Copyright Law Revision: Hearings on S. 597 Before the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Comm. on the Judiciary, 90th Cong., 1st Sess. 579-81 (1967) (hereinafter CLR Senate Hearings), reprinted in 9 Omnibus Copyright Revision Legislative History (hereinafter Legislative History) (statement by B. Kaplan, Co-chairman, Legal Task Force, Interuniversity Communications Council (EDUCOM)); CLR Senate Hearings, supra, at 570-78, reprinted in Legislative History, supra (Statement by
last long are topics beyond the scope of this Article. Professor Karjala suggests that courts are worried that the software industry is the last

EDUCOM Board of Trustees and Legal Task Force, opposing protection for computer programs partly because third parties "must be given the accompanying privilege to replicate the program in order to use the product." Baker v. Selden; id. at 572-73.

EDUCOM Legal Task Force, opposing copyright protection of computer programs partly because it would extend "patentlike protection under the guise of copyright" to the functional process and because no provision prevents the copyright from "incorporating the art, process or scheme . . . fixed in the program". For a critical view of Miller's later conversion to the maxiprotectionist camp, see Samuelson, supra note 126, at 568 n.182.

However, the clarification put forward by the Copyright Office and eventually enacted by Congress simply restated the subject-matter exclusions built around the idea-expression doctrine that now appear in 17 U.S.C. § 102(b) (1982). In other words, Congress codified only that much of Baker v. Selden as overlapped the idea-expression approach elaborated by Professor Nimmer. See 1 M. Nimmer & D. Nimmer, supra note 42, § 2.18[D] (stating that "[t]he present Copyright Act properly codifies this more limited reading of Baker v. Selden"). Congress also deliberately exempted works that "convey information" from the definition of useful articles in § 101 and from the limitations of § 113(b), in keeping with the Copyright Office's "unity of literature" approach to computer programs enunciated in the early 1960s. See Cary, Copyright Registration and Computer Programs, 11 BULL. COPYRIGHT SOC'Y 362 (1964) (Cary was Deputy Register of Copyrights); Copyright Office of the United States, Copyright Registration for Computer Programs—Announcement from the Copyright Office, reprinted in 11 BULL. COPYRIGHT SOC'Y 361 (1964); supra note 243.

Because Professor Nimmer was the only leading American academic to embrace the French "unity of art" thesis with regard to industrial art, see Reichman, Before the Copyright Act, supra note 61, at 134, he found it easier to object to a "unity of literature" approach to industrial literature. See infra notes 291-96 and accompanying text. On the contrary, Nimmer was consistent, even if the schizoid law that he helped to shape was not. Compare 17 U.S.C. § 101 (1982) (defining pictorial, graphic, and sculptural works to exclude industrial art on the basis of a separability criterion and dualist principles) and id. § 113(b) (expressly permitting use or reverse engineering of useful articles portrayed in two-dimensional form, notwithstanding the making of an unauthorized reproduction) with id. § 101 (defining literary works to include industrial literature without reservation or reference to separability from utilitarian functions) and id. § 101 (defining "useful articles" to exclude articles that "convey information") and id. § 113(b) (no express limitation on the reproduction right with regard to verbal or symbolic portraits of mechanical or utilitarian articles). For further discussion, see also supra note 243; and Wharton, supra note 224, at 454-55 (recognizing problem of computer programs as verbal "blueprints for machines" and the operation of machines).

That Baker v. Selden itself squarely rejected any distinction between the treatment of verbal blueprints and the limitations on graphic blueprints is a point that cannot be overemphasized: Had he used words of description instead of diagrams (which merely stand in the place of words), there could not be the slightest doubt that others, applying the art to practical use, might lawfully draw the lines and diagrams . . .

Baker v. Selden, 101 U.S. at 103. Moreover, Professor Nimmer expressly conceded that Congress, in enacting § 102(b) without reference to Baker v. Selden, did not intend to exhaust or reject the larger tradition epitomized by this case. See 1 M. Nimmer & D. Nimmer, supra note 42, § 2.18[B] n.15 (stating that "[t]he full Baker v. Selden doctrine, discussed in this subsection, is neither accepted nor rejected by the Act . . ." and its "application is rather left to the courts"). What is sorely needed at the present juncture is for the courts to develop a clearer and more aggressive application of this larger tradition.

289. See generally Samuelson, supra note 59 (explaining and criticizing the Comptu Report, supra note 110); Samuelson, supra note 126 (suggesting that the Semiconductor Chip Protection Act of 1984 indicates the direction that software protection should take in the future).
bastion of American technological superiority and that the current protectionist zeal is motivated by an implicit view of appropriate international trade policy. If this view is correct, a close parallel exists between this situation and the aberrations that occurred toward the end of the nineteenth century, when France pressed the Berne Union countries to absorb industrial designs into their domestic copyright laws under the banner of a "unity of art" rationale.

The tenacious opposition of the United States eventually halted this movement and led to the reconfirmation of industrial designs as subject matter within the ambit of the Paris Convention for the Protection of Industrial Property. Ironically, the decision of the French Government in 1985 to assimilate computer programs to the treatment of applied art under the Berne Convention could similarly impede the "unity of literature" doctrine launched by the United States Copyright Office in 1964. France's decision could also pave the way for sui generis protection of industrial literature in the medium or long term, as attested by the draft law on computer programs that Switzerland nearly adopted.

b. **Too Much Protection for Too Many Software Designs**

Meanwhile, it seems undeniable that the structure, sequence, and organization of a computer program is precisely the kind of subject matter that patent law ought to have embraced in the 1970s, but failed

290. Karjala, *supra* note 105, at 35 (Professor Karjala thinks overprotection of this kind is counterproductive). For an express view of international trade policy, couched in these terms, that has exerted considerable influence, see J. Gorlin, *A Trade-Based Approach for the International Copyright Protection for Computer Software* (Sept. 1, 1986) (unpublished paper) (copy on file at the Vanderbilt Law School). At least one author predicts that the protectionist wave in copyright law will recede once patent law more fully exercises its new role in the field of software. Maier, *supra* note 69, at 161. But this scenario is doubtful if nonobviousness retains its traditional force. See *supra* notes 176-77 and accompanying text.

291. See Reichman, *Before the Copyright Act*, *supra* note 61, at 1153-58; *supra* notes 74-75 and accompanying text.

292. Reichman, *Before the Copyright Act*, *supra* note 61, at 1159 n.85, 1161 n.91, 1165.

293. See *supra* notes 121-22 and accompanying text (cases of France and Switzerland).

294. See, e.g., J. Gorlin, *supra* note 290, at 41 n.42 (observing that if a GATT Code on Intellectual Property "[h]ad been in effect, the United States could have used the GATT as a forum for consultations with France on the present draft bill granting 25 year copyright protection for software"). For the position of the Copyright Office in 1964, see *supra* note 288.

295. Much depends on whether computer programs are seen as necessarily falling within the Berne categories of literary or scientific works and whether the French attempt to draw a parallel between computer programs and the subcategory of applied art will stick. If it does, unauthorized copies of software made in France after 25 years might become freely exportable to other European Economic Community countries under cover of the Treaty of Rome. But see Kindermann, *supra* note 120, at 220 (suggesting that the French provisions may boomerang against domestic authors of computer programs).

296. See *supra* note 122 and accompanying text.
to do so;297 and that the drafters of Section 102(b) of the 1976 Act had precisely this kind of subject matter in mind when they denied protection to methods of operation, procedures, and processes.298 Nevertheless, because some courts (but not others) have acquiesced in protectionist deviations from traditional copyright principles,299 software producers in certain jurisdictions stand to obtain a relatively hard form of protection for a long period of time on the softest possible terms.300 As far as use of another's innovative research results is concerned, this protection can make the software copyright more broadly restrictive and intrusive than if the first comer had actually obtained a patent.301

If a sui generis law were enacted, its drafters would have tried to

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297. See supra note 173 and accompanying text. For an excellent analysis, see Ghidini, I Programmi per computer fra brevetto e diritto d'autore, 1984 GIURISPRUDENZA COMMERCIALE 251, 256-69. Professor Ghidini accurately foresaw most of the problems posed by the Whelan decision before it arrived on the scene.

298. See Goldstein, supra note 233, at 1125. “To use the jargon of the patent lawyers, section 102's statement of what copyright does not protect virtually 'reads on' section 101's statement of what computer programs are.” Id. See generally supra note 288 (discussing testimony at Senate Hearings in 1967).


300. See, e.g., Conference Report, supra note 242, at 6 (criticizing this result); see also Goldstein, supra note 233, at 1123, 1126. Goldstein stated that "in the copyright lexicon, 'idea' is no more than a metaphor for elements generally belonging in the public domain. The functions that Whelan was disposed to characterize as protectable expression are more accurately characterized as unprotectable ideas." Id.; see also Karjala, supra note 249, at 159-60 (discussing the protection of technological efficiencies in copyright law).

301. See, e.g., Karjala, The First Case on Protection of Operating Systems and Reverse Engineering of Programs in Japan, 10 EUR. INTELL. PROP. REV. (EIPR) 172, 174 (1988) [hereinafter Karjala, First Case] (stating that "[t]o protect operating system programs even where copying or near-copying is necessary to achieve compatibility . . . can result in a long-term monopoly for the first to achieve de facto standard status" (emphasis in original)); Karjala, supra note 249, at 149 (discussing the overprotective effects of the substantial similarity test). That copyright protection of computer programs could block the progress of the art was predicted by a high-level commission of experts reporting to the French government in 1982. See Working Group, National Institute of Industrial Property (INPI), Toward the Protection of Computer Software: Present Situation and Proposals [Vers une protection des logiciels informatiques: Situation actuelle et propositions], Extracts of the Report of the Working Group Established under the Auspices of INPI (France) [hereinafter INPI Report], reprinted in 23 INDUS. PROP. 348, 353 (1984).
balance public and private interests in a deal that reflects the economics of software innovation rather than the standard economic assumptions underlying the patent and copyright models. In the absence of such a law, university investigators and administrators, like their counterparts in the private sector, face a bewildering and contradictory mix of legal devices that tend innately to foster conditions of overprotection or underprotection. Arguably, the full patent approach confers too much protection on too few software designs, the traditional copyright approach gives too little protection to too many software designs, and the rough-and-tumble copyright approach of this brave new era affords far too much protection to far too many software designs.

As a result, university personnel working with computer technologies find themselves in a quandary. When their own program is at stake, they and their universities will want strong protection in order to preserve their commercial advantages. When someone else’s program is in question, they will want soft protection in order to borrow as freely as possible and to conduct research without legal interference. They will also demand the right to make improvements and even to commercialize the end product of these improvements, while claiming they have not violated the first comer’s exclusive rights to make reproduc-

302. See, e.g., Samuelson, supra note 126, at 501-31. See generally Menell, supra note 171, at 1359-72; Menell, supra note 234 (discussing economics of software).


304. See, e.g., Kidwell, supra note 173, at 544-49; supra note 176 and accompanying text.

305. See Conference Report, supra note 242, at 3-4; supra note 278 and accompanying text.

306. See, e.g., Conference Report, supra note 242, at 6 (criticizing broad protection of computer programs). But see Clapes, Lynch & Steinberg, supra note 583, at 1376-84 (declaring broad copyright protection to be appropriate and critical for the development of computer programs).

307. Cf., e.g., Landes & Posner, Economic Analysis, supra note 12, at 16. Landes and Posner noted the same point:

[to] the extent that a later author is free to borrow material from an earlier one, the later author’s cost of expression is reduced; and from an ex ante viewpoint, every author is both an earlier author from whom a later author might want to borrow material and the later author himself. In his former role, he desires maximum copyright protection for works he creates; in his latter role he prefers minimum protection for works created earlier by others. In principle, there is some level of copyright protection that balances these two competing interests optimally . . .

Id.

tions and to prepare derivative works.\textsuperscript{309}

How these tensions will work out in specific cases remains to be seen, but the proliferation of docketed infringement actions suggests a growing propensity among commercial software producers to sue and be sued.\textsuperscript{310} In the long run, the software industry itself may well demand a different, more tailor-made form of protection that is closer to the approach that France began to develop in 1985,\textsuperscript{311} especially if foreign technology begins to make bigger inroads on the world market and domestic firms find themselves bosted on their own protectionist petards.\textsuperscript{312} Meanwhile, if the aggressive mentality fashionable in the

\textsuperscript{309} 17 U.S.C. §§ 106(1)-(2), 117 (1982). Another problem on the horizon is the use of “tool” programs that interact with data stored in other programs to produce a new work. See, e.g., Marks, supra note 176, at 3, in Blacksburg Conference, supra note 24; see also Teletic Sys. Inc. v. Caro, 7 U.S.P.Q.2d (BNA) 1740 (S.D.N.Y. 1988).


\textsuperscript{311} See supra notes 121-22 and accompanying text; see also Conference Report, supra note 242, at 21, which notes that experts are divided regarding the optimal level of protection for computer programs. The Conference Report then states:

If, over time the current regime of intellectual property protection for software is found to be unsatisfactory, the possibility that some tailor-made statute might provide a better system of protection will have to be faced, perhaps in conjunction with . . . similar problems posed by other new technologies.

Id. at 21. But see generally Clapes, Lynch, & Steinberg, supra note 289; Gorlin, supra note 290; Kindermann, supra note 120 (all of whom endorse the broadest forms of copyright protection). For the record, Clapes, Lynch, Steinberg, and Kindermann are all senior patent attorneys in different branches of IBM, the world’s leading supplier of business machines; Gorlin and Hauptman are consultants to the same corporation. For the different views of a senior patent attorney employed at that same corporation in 1989, see Galbi, supra note 65.

\textsuperscript{312} See, e.g., COMMISSION OF THE EUROPEAN COMMUNITIES, GREEN PAPER ON COPYRIGHT AND THE CHALLENGE OF TECHNOLOGY—COPYRIGHT ISSUES REQUIRING IMMEDIATE ACTION, COM (88) 172//final, at 170, 176 (Brussels June 7, 1988) [hereinafter GREEN PAPER] (advocating suitable legal environment to enable “[c]ommon industry to catch up with its competitors”). While the Commission blandly assumes copyright law to be the appropriate vehicle, it also blandly assumes that reverse engineering is consistent with this modality, id. at 183; that protocols and user interfaces could be specifically excluded from protection, id. at 184; that copyright law should not interfere with the legitimate development of compatible systems, id. at 184; and that copyright protection, by requiring different implementations of basic structural solutions, will have no impact on standardization or efficiency, id. at 185. In short, the Commission’s working vision of copyright protection for computer programs diverges so significantly from that promoted by maxiprotectionists in the United States that it goes a long way toward meeting the concerns of those favoring a sui generis approach. It also glosses over the deeper significance of the French decision to treat computer programs as a sort of neighboring right, on a parallel with works of applied art. See supra
private sector is transferred to the university environment, administrators relying on copyright law to commercialize computer software could expose themselves to the risk of considerable litigation, which could cause the pace of software research and development to slacken over time.\textsuperscript{313}

C. Distribution Without Dissemination

If Congress decided to protect intermediate technologies with a sui generis regime, it could provide universities with a marketable certificate of title to a discrete body of innovative know-how that would be no harder to police than existing forms of industrial property.\textsuperscript{314} A university that qualified for such a title might then be in a position to license these technologies, including computer software, for commercial distribution without undue constraints on the freedom of faculty and students to publish or otherwise disclose their contributions. Instead, because Congress chose to protect computer programs in copyright law, universities face all the legal uncertainties described above plus the practical difficulties of enforcement that make trade secret law, and the practice of actual secrecy, a routine part of current software protection.\textsuperscript{315}

1. Dual Protection of Source Codes as Trade Secrets

Third parties seeking to compete with the vendor of an innovative and successful computer program labor under considerable disadvantages when denied access to the creator’s original source code. The complete source code normally is composed in high-level (i.e., human-readable) language. It explains why the originator devised the various sets of solutions in particular ways and why he or she combined them into an overall configuration that differs from other design solutions that may appear plausible to a second comer.\textsuperscript{316}

\textsuperscript{313} At least one computer scientist believes that the pace of development has already slowed down as scientists “hoard information” in order to maximize profits from proprietary rights. See Stallman, supra note 175, at 2, 4-5.

\textsuperscript{314} See, e.g., Galbi, supra note 65; Samuelson, supra note 126, at 472-76, 519-31. See generally Kingston, Innovation Patents and Warrants, supra note 82, in PATENTS IN PERSPECTIVE, supra note 82, at 68, 79-80.

\textsuperscript{315} See, e.g., Bender, supra note 147, at 919-31, 939-54, 958; Samuelson, supra note 126, at 518-19.

\textsuperscript{316} See, e.g., G. Davis, SOFTWARE PROTECTION 15-19 (1985); H. Hanneman, THE PATENTABILITY OF COMPUTER SOFTWARE 20-25 (1985); Davidson, supra note 100, at 1090-1100.
a. Nondisclosure as a Business Imperative

A would-be competitor who is denied access to the originator’s source code may nonetheless reconstruct a skeletal version of it by using special computer programs to decompile and reverse engineer the object code contained in any copy of the program that the competitor happens to obtain. The reconstructed source code, though imperfect and perhaps distorted, can reveal the structure, sequence, and organization of the original design. Lacking the explanations contained in the originator’s source code, however, a second comer still has to master its internal logic on his own in order to equal its efficiency without duplicating its copyrightable components.317

Acquiring this knowledge costs money and takes time. The ultimate technical success and consumer appeal of the competitor’s substantially different design also remain to be demonstrated. To some extent, reverse engineering obliges a second comer to reinvent parts of a wheel that worked well in the past but that may not work equally well in their reinvented form.318

To minimize these risks, competitors seeking to capitalize on a first comer’s successful program are prone to shorten the originator’s lead time by duplicating crucial segments of a complex program as revealed through decompilation. This strategy ensures rapid functional success at a relatively low cost, and it reduces the risk of ultimate technical failure. The cruder forms of appropriation by these means are the most likely to trigger liability for copyright infringement under the emerging judicial decisions.319 Artful infringers can make it difficult and expensive for a plaintiff to demonstrate actionable copying to the satisfaction of a court or jury.320

317. See, e.g., Davidson, supra note 100, at 1094-1099; Karijala, First Case, supra note 301, at 174-77. The right to make such a version from a licensed copy, however, would often be restricted in the license agreement. Once made, the reconstructed source code lacks the deeper underlying concepts of the originator and the commentary to explain it. The second comer who has to spend a lot of time figuring out why the originator did what he did and then how to do it differently may find a license cheaper than reverse engineering. The legal significance of working from a reconstructed source code is not yet settled. See infra notes 324-26 and accompanying text.

318. See Davidson, supra note 100, at 1080-81, 1090-94 (noting that “[t]his black box approach does require the wheel to be continually reinvented . . . [as] the price to be paid for properly rewarding innovation”).

319. See id. at 1085-97. “Thus, decompilation puts would-be copiers in a bind: if they decompile, their development will be faster, but they may have left ‘smoking guns’ in their code: if they do not decompile, they are cleansed from copyright infringement but they may have extreme difficulty in achieving compatibility.” Id. at 1096; see also Clapes, Lynch & Steinberg, supra note 283, at 1506-10.

Copyright infringement is not, however, a necessary consequence of reverse engineering merely because it serves to shorten the originator's lead time.\(^{221}\) A third party with knowledge of the source code, for example, can freely use the ideas and other unprotectable matter it contains in order to enhance functional efficiency and to accelerate market entry.\(^{222}\) While implementing such a scheme may require considerable effort (which reinforces the originator's own competitive advantages)\(^{223}\) careful avoidance of clearly protectable matter should, in principle, suffice to derail an originator's action for infringement.\(^{224}\) Even if some

321. See Conference Report, supra note 242, at 9-10 (treating reverse engineering as a form of fair use); supra note 288 (implications of pristine version of Baker v. Selden); see also Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 109 S. Ct. 971 (1989) (stressing the role that reverse engineering of unpatented technology plays in fulfilling the goals of the patent system).

322. See, e.g., Plains Cotton Coop. v. Goodpasture Computer Servs., Inc., 807 F.2d 1256 (5th Cir. 1987); Q-Co. Indus., Inc. v. Hoffman, 625 F. Supp. 608 (S.D.N.Y. 1985); Conference Report, supra note 242, at 4-5. The end product may so improve upon the original that its incremental efficiencies will increase its marketability at the expense of the first comer's own product. In an environment of sane and healthy competition, this result would be regarded as optimal. See, e.g., Note, supra note 270, at 1291-94; see also Raskind, supra note 235, at 385-403 (discussing § 506(a) of the Semiconductor Chip Protection Act of 1984).

323. See, e.g., Davidson, supra note 100, at 1096-98.

324. Conference Report, supra note 242, at 4-5; see also Karjala, First Case, supra note 301, at 175-77 (noting that the inability to reverse engineer unprotected ideas and methods would be inconsistent with copyright law and the treatment of traditional technology); Laurie & Everett, Protection of Trade Secrets in Object Form Software: The Case for Reverse Engineering, 1 COMPUTER L. 4-9 (1984); sources cited supra note 322.

If the competitor obtains useful knowledge by reverse engineering the object-code version of a program otherwise legally obtained, but uses only noncopyrightable matter in the competing product, he nonetheless may have executed an unauthorized reproduction along the way. The extent to which a reproduction for analytical purposes that leads to little or no demonstrable use of protectable expression in the final product could trigger a finding of infringement remains controversial. Compare, e.g., Davidson, supra note 100, at 1093-99 (denying that such reverse engineering can be fair use or otherwise exempt from infringement) with Conference Report, supra note 242, at 9-10 and Karjala, supra note 105, at 78-88, 90-92 and Laurie & Everett, supra (expressing belief that reverse engineering of unprotectable matter is either not infringement under § 102(b) or is fair use under § 107 of the 1976 Copyright Act) and Note, supra note 270, at 1264.

The ability to make copies for reverse engineering purposes under the shelter of 17 U.S.C. § 117 (1982) was arguably strengthened by Vault Corp. v. Quaid Software, 847 F.2d 265 (5th Cir. 1988), which reinforces the notion that § 117 need not and should not conflict with § 102(b). For the view that the fair use doctrine codified at 17 U.S.C. § 107 further buttresses the case for reverse engineering, see Raskind, supra note 235, at 1176-92; and supra note 288. But see W. Patry, supra note 235, at 399-402.

If the subject-matter exclusions of § 102(b) mean what they say and if Baker v. Selden, means what it meant before recent obfuscations, see supra note 288, then reverse engineering of the object code embodied in or near the mechanically functioning components should not constitute actionable infringement unless a significant quantum of protectable matter is carried over to the competing product. Otherwise, the reproduction right of §106 will enable some copyright owners to control indirectly the end use of the utility features embodied in utilitarian works, contrary to the pristine teaching of Baker v. Selden. See supra note 288 (elaborating on the historical role of Baker v. Selden); cf. 17 U.S.C. § 113(b) (statute derived from the larger principles of Baker v. Selden, which serves to legitimate copies of buildings and useful articles made from any three-
actionable matter is borrowed, a third party who takes the trouble to vary significantly the formal aspects of a program may have done all that is necessary to avoid the substantial similarity test of copyright infringement\textsuperscript{226} that traditionally is applied to utilitarian works.\textsuperscript{226}

It follows that licensors seeking to maximize the commercial yield from innovative software are well advised not to disclose the underlying source code whenever possible.\textsuperscript{227} Because physical possession of the program enables a licensee to reconstruct a simplified version of the source code through reverse compilation, the licensor must surround his innovative know-how with a bevy of contractual provisions that will later enable him to depend on state trade-secret laws in addition to the federal copyright law.\textsuperscript{228} Whether appeals to dual protection will ultimately survive attacks based on federal preemption of state intellectual property law remains to be seen.\textsuperscript{229} For the moment, the law of trade secrets is reportedly relied upon to protect more software than either patent or copyright law acting alone.\textsuperscript{229}

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dimensional embodiments of them for purposes of reverse engineering; Reichman, Before the Copyright Act, supra note 61, at 1291-98 (discussing the evolution of the present version of § 119(b) in context of proposed design legislation).


326. See cases cited supra note 278 (addressing “thin” copyright doctrine); see also Conference Report, supra note 242, at 3-4; Goldstein, supra note 233, at 1129-24 (supporting narrow range of equivalents lest function be monopolized); Karjala, supra note 105, at 94-96.

327. See, e.g., Karjala, First Case, supra note 301, at 176 (arguing that the prevention of source code distribution helps to maintain monopoly over both copyrightable and nonprotectable components of computer program).

328. See Laurie & Kesfauer, supra note 246, reprinted in LeST Frontier Conference, supra note 246, at 234-35 (arguing for the validity of such provisions). See generally 1 D. Bender, supra note 120, § 4A.01 to § 4A.03 (Chapter 4A entitled “Trade secret, Contractual and Extralegal Protection of Software”); Bender, supra note 147, at 958.

329. Compare, e.g., Bender, supra note 147, at 934-39, 953-58 (asserting that trade secret rights in copyrighted matter are not against copyright policy, will not invalidate the copyright, and are not generally preempted under 17 U.S.C. § 301 (1982), even though computer programs would be a logical candidate for preemption if other prerequisites were met) with Samuelson, supra note 126, at 518-19 (labeling dual protection in copyright and trade secret law as “highly questionable”).

330. 1 D. Bender, supra note 120, § 4A.01, at 4A-2.1 to 4A-3. For illustrative cases in which trade secret law played a crucial role, see Telestate System, Inc. v. Caro, 8 U.S.P.Q.2d (BNA) 1740 (S.D.N.Y. 1988) (plaintiff showed likelihood of proving that its “protocol” governing communications between its computer and remote terminals was trade secret that defendants had misappropriated); and Q-Co. Industries, 825 F. Supp. 608 (while use of plaintiff’s ideas did not constitute copyright infringement, means of obtaining them amounted to misappropriation under liberal reading of state trade secret law). But see Plains Cotton, 807 F.2d 1256 (use of ideas was neither copyright infringement nor misappropriation under strict reading of state trade secret law).
b. Ethics of Nondisclosure in the Business of Blab

Even a minimalist university that seriously wants to protect software must resort to trade secret laws (and actual secrecy) to preserve the confidentiality of its source code, or it may soon have little left to exploit. It must also defend its trade secret with a battery of contractual restrictions on the use and disclosure of the materials made available to outsiders. It will then have to combine these provisions with any copyright or patent protection that it can obtain; and it should not overlook the possibility of reinforcing its bundle of rights with trademark protection as well.

Suddenly, faculty and administrators caught in this situation will find themselves dealing with a host of new technical problems that are unfamiliar and operationally burdensome. They are also certain to face conflicts with their academic mission and other possible conflicts of interest that minimalist universities have always vowed to avoid. For example, as occurred in the California Institute of Technology dispute mentioned above, a university that claims ownership of the copyright in computer software can try to suppress publication of the program even when the instructor who created it opts for free and unfettered dissemination. Whether or not a portent of the future, this incident illustrates the tensions liable to arise when universities invoke trade secret law to buttress any proprietary interests that they may acquire in a faculty member’s copyrightable know-how.

At bottom, a university’s mission is to teach and disseminate knowledge, while trade secret law requires a regime of absolute secrecy. Under such a regime, neither the professor nor his graduate students

331. See, e.g., Marks, supra note 176, at 5, in Blacksburg Conference, supra note 24. For a comparable view, see Eisenberg, supra note 11, at 216, which discusses the need for secrecy in biotechnology.

332. See, e.g., Bender, supra note 147, at 939-58 (discussing dual protection).

333. A university that owns patentable software may require ancillary measures of this kind to buttress the effectiveness of its patent, while the nonpatentable elements of the program could depend entirely on such measures. See, e.g., Maier, supra note 59, at 161 (describing the mesh of copyright and patent protection that will provide a “unique continuum of intellectual property protection in the software environment”); see also Marks, supra note 176, at 5, in Blacksburg Conference, supra note 24. But see Samuelson, supra note 129, at 517-19 (arguing that the overlap between patent law, copyright law, and trade secret law in software is undesirable from a policy perspective).

334. See, e.g., Stallman, supra note 175.

335. See, e.g., Marks, supra note 176, at 5, in Blacksburg Conference, supra note 24.

336. See, e.g., Dreyfuss, supra note 41, at 601; supra note 197 and accompanying text. When the creator of the program took steps to disseminate it to other physicists, the university reportedly invoked a posterior claim of copyright ownership to prevent the distribution of copies that threatened its financial interest. In the end, the instructor left the university and the program was never perfected. See Dreyfuss, supra note 41, at 616 (citing Kolata, Caltech Torn by Dispute over Software, 220 SCIENCE 932, 933-34 (1983)).
can publish,\textsuperscript{337} and the former may even refrain from teaching the latter the latest developments in the field. Unless faculty members take these steps, the law will not defend their secrets from misappropriation by commercially immoral means that serve to facilitate or avoid the task of reverse engineering.\textsuperscript{338} On the contrary, trade secret law protects only secrets that are kept from the public by all reasonable means at the proprietor’s disposal.\textsuperscript{339} Once these secrets are out, there is no further need to reward innovators with unlimited exemptions from the normal workings of the competitive marketplace.\textsuperscript{340}

In effect, a regime of actual or legal secrecy imposed upon the academic in order to promote his and the university’s proprietary rights in computer software is tantamount to what happens when the national security organs arrive on campus and inform the scientific community that they can no longer reveal the nature of the important work they are carrying out.\textsuperscript{341} Academics can live with this sort of regime, but not very well.\textsuperscript{342} Their reputations wax with publications and wane without them,\textsuperscript{343} while the attainment of commercial success from marketing computer programs is never surefire.\textsuperscript{344} Meanwhile, if the legal regime requires professors to refrain from teaching and discussing the program with graduate students not privy to a secrecy agreement,\textsuperscript{345} these students may not want to study in that department anymore.

Nor can faculty members in this position console themselves with the thought that their proprietary rights will at least help to organize the development of computer science in the most efficient manner,\textsuperscript{346} as

\textsuperscript{338} Trade secret law does not protect against reverse engineering. See id. § 1, 14 U.L.A. at 542; see also Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 476 (1974).
\textsuperscript{339} Unif. Trade Secrets Act § 1(4)(ii), 14 U.L.A. at 542 (1979) (now adopted in 20 states); Revcor, Inc. v. Frame, Inc., 85 Ill. App. 2d 350, 355, 228 N.E.2d 742, 745 (1967); see supra note 93.
\textsuperscript{341} In the past, the pattern had been for the government to set up a separate shop just outside the campus for delicate research. Muller, supra note 41, at 146-47.
\textsuperscript{342} See generally D. Nelkin, supra note 1, at 1-25, 71-90.
\textsuperscript{343} See Merton, supra note 14, in The Sociology of Science, supra note 14, at 285, 338-37.
\textsuperscript{344} See Marks, supra note 176, at 5, in Blacksburg Conference, supra note 24. Marks stated:
   In a software distribution system that places minimal emphasis on enforcing copyright restrictions, participating faculty cannot routinely expect to reap great economic rewards. Consequently, college and university policies are likely to emphasize scholarly credit for participating in development of computer software, and consideration of work in software development will inevitably become routine in tenure evaluations and other assessments of scholarly achievement.
\textsuperscript{345} See id. “Arrangements with the principal investigator’s colleagues and graduate students require special care.” Id.
\textsuperscript{346} D. Bok, supra note 21, at 150 (noting that “[s]ecrecy, of course, is anathema to scientific
arguably occurs with the patenting of more traditional research results. Thus far, software has developed rapidly in a free-exchange environment; the optimum level of incentive remains undetermined; and the current mix of patent, copyright, and trade secret laws may actually harm, rather than advance, the cause of innovation both here and abroad.

Whatever the optimum level of protection turns out to be, reliance on trade secret law arguably retards scientific progress by inhibiting disclosure of the art or a releasing of it to the public domain. It also conditions this progress on the practice of reverse engineering that characterizes industrial competition—hardly a reassuring prospect in the university environment. Add to this the chilling effect on software innovation that may result from the current penchant for copyright litigation and from the failure of such litigation to yield doctrinal solutions solid enough to ward off future litigation, and there is a lot to trouble the conscientious university with a minimalist bent.

2. Licensing, Servicing, and the Spin-Off Corporations

Should administrators at the minimalist university nonetheless decide that the game of software protection is worth the candle—a point of view that makes a lot of sense—they must prepare to cope with other problems that are certain to complicate their lives. To begin with, they must locate potential buyers for commercially unproven software designs, a task for which regular university personnel are singularly ill

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347. See supra notes 12, 13-17 and accompanying text.
349. See, e.g., Karjala, supra note 249, at 149 (stating that application of copyright protection to computer programs “may well stifle rather than stimulate further advances”); Menell, supra note 224 (forthcoming article will present more economic evidence to show risk of counterproductive overprotection in copyright law). See generally Ballman, supra note 175. Nor is it certain that any short-term trade advantages accruing to an exporting country that overprotects in copyright law will not boomerang in the medium or long term when that country’s domestic industry must compete with advanced foreign technology invoking the same measure of overprotection in the name of national treatment. See, e.g., Reichman, Intellectual Property in International Trade: Opportunities and Risks of the GATT Connection, Paper delivered at the Vanderbilt Symposium on Trade-Related Aspects of Intellectual Property, Vanderbilt Law School, Nashville, Tennessee, March 23-24, 1989, 22 VAND. J. TRANSN’L. L. (forthcoming 1989) (hereinafter Reichman, GATT Connection).
350. See, e.g., Karjala, First Case, supra note 301, at 176 (stating that “[c]omputer programs are the technology for using computers, and limitations on source code distribution can seriously impede the flow of technological knowledge concerning their development and use”).
351. See, e.g., Dreyfuss, Dethroning Lear: Licensee Estoppel and the Incentive to Innovate, 72 VA. L. REV. 677, 786-89 (1986).
352. See supra note 310 and accompanying text.
equipped.\textsuperscript{533} In this endeavor, universities need to help each other by networking and trading information about software users, distributors, and investors. They might also devise a data bank for member universities that have technology to market, which could operate like the Online Computer Library Center (OCLC) does for library collections.\textsuperscript{534} Even under the best of circumstances, marketing sophisticated technology requires a professional staff in the development office, skilled attorneys in the legal counsel’s office, highly specialized outside attorneys, plus considerable time, effort, and expense.\textsuperscript{535} Marketing also demands the close cooperation of program originators who must explain and demonstrate their products in coordination with other university officers while still keeping a regular academic schedule.

Once a buyer is found, one can sometimes license software on a nonexclusive basis while retaining all other rights to the innovation. Universities prefer this route because it encourages diffusion of research results.\textsuperscript{536} One drawback, however, is that this approach multiplies the possibilities of exposing any trade secrets that the program may harbor. It also weakens copyright protection by multiplying opportunities for authorized access to the program, which could support competitors’ later claims of independent creation, and by devaluing the ideas embodied in the program, which copyright law cannot protect. Nonexclusive licenses are perhaps suitable for experimental applications by trustworthy users, but their consistency with strong protection for a commercially valuable program in the university context remains undemonstrated.\textsuperscript{537}

An exclusive license with the originator retaining all rights to the source code reduces insecurity, but it often presupposes the establishment of a close relationship between the university and the firm chosen to exploit the innovation.\textsuperscript{538} Computer programs are inherently unstable and always in need of further adaptation.\textsuperscript{539} The private corporation

\textsuperscript{533} See, e.g., Cawood, supra note 24, in Blacksburg Conference, supra note 24.

\textsuperscript{534} Such an effort called I-TEC, is being attempted in Illinois. See Glannais, Willis & Maher, supra note 161, in Blacksburg Conference, supra note 24.

\textsuperscript{535} See Gibson & Smilor, supra note 164, in Blacksburg Conference, supra note 24.

\textsuperscript{536} See Pajaro Dunes Statement, supra note 13, at 638.

\textsuperscript{537} Exclusivity will restrict the grantor’s own rights, especially the right to compete. See, e.g., Hansen, Software Distribution, Remarketing and Publishing Agreements, 4 COMPUTER L.J. 625, 635-36, 647 (1984).

\textsuperscript{538} See, e.g., Marks, supra note 176, at 5, in Blacksburg Conference, supra note 24. An institutional role in marketing may also be necessary to ensure that the university and faculty members have opportunities to exploit and control follow-up projects derived from or related to the original project.

\textsuperscript{539} See, e.g., Stallman, supra note 175, at 4-5; see also Samuelson, Modifying Copyrighted Software: Adjusting Copyright Doctrine to Accommodate a Technology, 28 JURIMETRICS J. 179, 206-08 (1988).
needs the computer scientist to adapt, explain, and debug, even if it manages to obtain direct access to the source code.\textsuperscript{360} Thus, when a university retains the source code in order to enhance protection, it may need to provide consultation and technical servicing (often on an emergency basis) to the company that further develops and exploits the original software innovation. Faculty and selected students may then need to enter an ongoing business relationship with the purchasing firm. Unless the university demonstrates a willingness to provide the kind of servicing that a potential investor needs, the university department may lose the professor who created the software and some of his students to boot, because they are now sorely needed by the exploiting company.\textsuperscript{361}

There are different ways to cope with this problem. The university can enter into a joint venture. It can purchase equity in the licensee or in a new corporation in which the licensee is the primary participant.\textsuperscript{362} It can also set up its own spin-off company to manage the source code and service the licensee.\textsuperscript{363} In general, the bigger the software innovation, the more desirable it is for the university to possess some kind of equity or participatory interest in the exploiting company that will reinforce bare proprietary rights under intellectual property law as well as any contractual rights that define the university's overall objectives.\textsuperscript{364}

Participation in a spin-off company further ensures that the university will continue to receive royalties from any programs that are substantially derived from its initial project over time.\textsuperscript{365} The right to these royalties is important because software development resembles

\textsuperscript{360} See, e.g., Hansen, supra note 357, at 635, 638-39.

\textsuperscript{361} See, e.g., Marks, supra note 176, at 5-6, in Blacksburg Conference, supra note 24. Stanford's software distribution policy is a noble effort to balance all needs and demands. Stanford sets up three tiers of distribution intensity. At the first tier, software is provided on a cost-recovery basis under a nonexclusive license to academics and government agencies. At the second tier, a nonexclusive license is granted for internal use by industrial firms for an annual royalty, but no maintenance services are offered. Only at the third tier can a purchaser obtain maintenance services. At that stage, Stanford grants a license to a private firm that develops and markets the software to end users. This system allows an end user of a commercially valuable program to keep the software in peak condition, while allowing Stanford to keep its faculty at work on traditional tasks. STANFORD UNIVERSITY, SOFTWARE DISTRIBUTION (1987). See generally Hansen, supra note 357.

\textsuperscript{362} See Wilson & Szypenda, supra note 159, in Blacksburg Conference, supra note 24.

\textsuperscript{363} See Gregory & Sheahan, supra note 158, in Blacksburg Conference, supra note 24.

\textsuperscript{364} Id. "A spin-off company is defined as a company producing a product or service which originated from research at a university . . . . Spin-off firms form only a tiny fraction of the approximately 600,000 new companies being formed annually in the U.S. However, with many . . . states . . . expecting universities to be a greater force in economic development . . . , spin-off companies can be catalyst[s] for regional economic development." Preliminary Announcement, Second Conference on the University Spin-off Corporation, to be held at the Virginia Polytechnic Institute and State University, Blacksburg, Virginia (May 15-17, 1989).

\textsuperscript{365} See, e.g., Marks, supra note 176, at 5-6, in Blacksburg Conference, supra note 24.
certain daughter sciences that produce an array of commercially valuable applications from an initial breakthrough. In addition, the external corporation may be subdivided into a bewildering array of nontransparent compartments, each keeping secrets from the other; this makes it hard for the faculty creator or the university administrator to keep tabs on the source code once an exclusive license is signed. Equity participation, though not a panacea, provides the university with greater control over all income-generating opportunities.

None of these problems is insoluble, nor are they necessarily more daunting than other legal problems that universities must routinely face. The point is that, in resolving the peculiar problems that attend the protection and exploitation of computer software, the university as a whole and the originating department in particular are likely to become enmeshed in the affairs of the private firms that assume the task of commercial exploitation. The needs of the corporation may then begin to influence future work undertaken in the department by faculty

366. See, e.g., Eveson, supra note 56, at 333-34; infra note 378. Of course, licensing contracts should provide for future participation, while the Copyright Act of 1976 will vest the “author” with the exclusive right to prepare derivative works. See 17 U.S.C. §§ 106(2), 201(a) (1982). Retention of the complete source code will also make the exploiting company more dependent on the originator for a period of time. But this dependence will not last indefinitely, and the more expertise the licensee acquires through various means, both legal and illegal, the more eager he will become to move on his own without the encumbrances imposed by the licensor. The licensee is aided in this effort by the policies of trade secret law, which encourage reverse engineering, and by the limits of copyright law, which certainly permit reverse engineering by laborious or “clean room” techniques and arguably by the less laborious forms of reverse compilation discussed in the text. See supra notes 317-26 and accompanying text. Copyright law also encourages courts to recognize the point at which the second comer’s work ceases to be a derivation and becomes a new work in its own right. See, e.g., 1 M. Nimmer & D. Nimmer, supra note 42, at § 3.01; see also Conference Report, supra note 242, at 8-10.

367. By keeping the source code, by providing technical services, and by obtaining an ownership interest in the exploiting company, the university will, however, expand its potential liabilities even as it solidifies its legal protection. Commercial software applications of any complexity are apparently never fully delivered as warranted, never fully operational, and never free of bugs and defects. See generally Rodau, Computer Software Contracts: A Review of the Case Law, 2 Software L.J. 77 (1987); see also Hansen, supra note 357, at 636-39. Concomitantly, the commercial lore that regulates these matters, perhaps infected by the same virus, grows increasingly complex without ever clearly establishing what constitutes defective delivery of a computer program, when a breach of warranty will lie, and what measure of damages is appropriate. Universities and academics, as software providers, will inevitably make and break similar promises and warranties concerning their own technical contributions; they must accordingly limit their liability to the extent the law permits and adequately insure against losses that cannot be avoided.

Universities must also be on guard lest their own academics borrow too freely from their predecessors, as academics are wont to do. Otherwise, even the university that has negotiated a suitable indemnification clause may find itself liable for copyright infringement and the misappropriation of trade secrets. See, e.g., S & H Computer Sys. v. SAS Inst., Inc., 568 F. Supp. 416 (M.D. Tenn. 1983); Marks, supra note 176, at 4-5, in Blacksburg Conference, supra note 21 (noting that academics' impatience with literary property rights in software makes it necessary for the university to monitor and enforce legal restrictions on use).
members who now wear two hats.368

IV. TECHNOPOLIS AND THE IMPENDING CONSECRATION OF MAXIMALIST LOGIC

A. Temptations of the Minimalist Holdouts

Recall that the minimalist university set out to preserve the integrity of its academic role and, in keeping with the spirit of Pajaro Dunes, preferred to rely on patenting for the bulk of its research applications.369 Suddenly, current concern for the protection of computer software (i.e., for an elusive bundle of rights in tangible manifestations of applied scientific know-how) threatens to take the university very far down the road toward direct involvement in commercialized research. All aspects of this undertaking—selling the idea, finding venture capital, negotiating the license or other legal arrangements, servicing applications and refinements of the original idea, controlling what the university delivers in relation to what it has promised and warranted—constitute a big job for any committee of academics who meet once a month to evaluate the elegance of their colleague’s work.370 The efforts a university must make to produce and exploit winning software, in other words, require an organization and a structure capable of systematically protecting and exploiting this particular form of know-how in a professional manner and with a commitment to achieving commercial success.371

1. Indirect Benefits of Gearing Up

Similar demands make it burdensome for universities to exploit other valuable intermediate technologies in addition to software. To make the most of the opportunities available to them, university administrators must reach deep into the laboratories to identify and pro-

368. See N. Warf, supra note 20, at 60-62.
369. See Pajaro Dunes Statement, supra note 13; supra notes 35-38 and accompanying text.
370. See, e.g., Caswood, supra note 24, in Blacksburg Conference, supra note 24. The peculiar nature of software (and of kindred intermediate technologies) impinges on the magnitude of the university's involvement in still other ways that are worth noting. For example, predicting the commercial success of any given software venture is even harder than deciding which patented inventions of a more traditional character are the most likely to succeed. As with industrial designs, in other words, there is a capricious element in the public's acceptance of particular software packages that no demonstration of superior functional capabilities can entirely eliminate. Producers able to launch a stream of innovations onto a given market segment thus seem more likely to succeed in the end than those who confine their promotional efforts to a few programs thought to be the most promising at any given point in time. Cf. Reichman, Before the Copyright Act, supra note 61, at 1235-36 (discussing the case of industrial designs).
371. See, e.g., Beler, Government Promotion, supra note 12, at 561-62 (stressing the reasons universities generally need "an active and well organized patent and licensing policy").
tect promising innovations from the start. They must reach deep into the business world to ensure that some of the targeted projects actually realize their commercial potential. And they must maintain a sizable infrastructure to coordinate relations between the laboratory and industry over a fairly long period of time. 372

Outside the universities, of course, the commercial exploitation of know-how is hardly a new phenomenon. Some component of know-how inheres in the development of most patented technology, and industries often license the patent in order to acquire the know-how. 373 At other times, the patent functions as the centerpiece of a larger technology transfer that integrates patent rights with contractual rights to the pertinent know-how. 374 What distinguishes the present situation is that proprietary rights are increasingly asserted in valuable applications of scientific know-how that are developed in a university environment and that do not benefit sufficiently from the practices and procedures organized around the patent system. 375

Once minimalist universities gear up to deal with the additional burdens of protecting and exploiting know-how, whether embodied in computer software, industrial designs, or products of genetic engineering, they are apt to perceive the many traditional innovations that they failed to exploit in the past because of insufficient nurturing. That patentable inventions do not develop themselves commercially may come as a surprise to administrators who have preferred to follow a hands-off policy. 376 They now discover that such inventions do not walk out of the laboratory and into the university review committee or out of the committee and into refinements, prototypes, and models; that the pertinent business plans do not write themselves; and that venture capital is not always parked outside the door. In other words, by waiting for patentable projects to come along and then attempting to license a select few, the minimalist university has probably ignored what the true patenting potential of its own laboratories could have been had it taken greater pains to close the gap between the laboratory and private industry. 377 Now these same universities are increasingly tempted to close this gap in the fields of software, biogenetic engineering, and certain other intermediate technologies.

372. See generally id. at 561-64.
373. See, e.g., Kingston, Innovation Patents and Warrantis, supra note 82, in PATENTS IN PERSPECTIVE, supra note 82, at 79-80.
374. Id.; see supra notes 85-94 and accompanying text.
376. See Beier, Government Promotion, supra note 12, at 562 (declaring that "this approach has not been successful in practice").
377. See supra notes 32-38 and accompanying text.
What universities must do in order to profit from computer software, in other words, is what universities would do to profit from all legally protectable subject matter at their disposal if they were inclined to accept the maximalist view of the university’s role in this regard and became truly determined to commercialize their research output. In contrast, a maximalist university that had aggressively geared up to exploit its patentable subject matter will already have invested in the kind of infrastructure that should enable it to take the exploitation of software in its stride. By the same token, a minimalist university that now gears up to deal with software on a more than passing basis gains the option of adapting any organization it sets in place to a more energetic pursuit of both traditional patents and modern forms of commercially exploitable know-how. While the point of departure for this Article was that a minimalist university was not very interested in availing itself of such opportunities, one may well begin to question whether any major university still retains much choice in this matter.

2. The Hidden Costs of High-Mindedness

Suppose, for example, that a high-minded university decides to ignore the potential profits in its laboratories. Sooner or later, an innovation that got away will make millions for somebody else, perhaps through commercial ventures with that university’s own faculty members. Meanwhile, the university will have its begging bowl out—pleading for funds and donations, raising tuition, and seeking to enlarge its endowment. In the end, it may have to beseech the government and the foundations for the privilege of doing research of importance to the government and the foundations, which is hardly an improvement in terms of freely determining the university’s own research agenda. Moreover, all those who are importuned for contributions will not cease to remind the purist university that it could have helped itself if it had only taken sensible steps to land the big one that

378. The external commercial process must enter the laboratory early in order to shape the flow of know-how and research toward patentable applications, or increasingly, toward a whole series of applications. See, e.g., Beler, Government Promotion, supra note 12, at 562. Indeed, the big money today often resides in so-called daughter sciences, which require a lot of nurturing from the earliest stage in order to reap proportionally large rewards. See, e.g., Evenson, supra note 56, at 334 (discussing daughter sciences). Once the innovation begins to acquire a potentially patentable physiognomy, the professor needs both early and capable legal advice to know when to stop talking and start filing.

379. See generally MIT Copyright Policy, supra note 220. MIT appears to fit this description.

380. See supra notes 36-38 and accompanying text.

381. See, e.g., Samuelson, supra note 152, at 14 (stressing the distorting effect of the “entire granting process” involving public or private grants to faculty members).
got away.

The laggards must also contend with the risk that foreigners will appropriate the very innovations that they have let go. Supra Unprotected research in scientific journals has always been fair game, but foreign entrepreneurs are unlikely to wait that long. They now stalk the halls of academia and entice professors with offers of financial support in return for grants of exclusive rights to their firms or to some foreign funding agency. These blandishments place the investigator in a possible conflict with his own mission, with the policies of his university, and with an increasingly insistent view of the national interest. They require the university to formulate a policy, like it or not, lest it become an involuntary cog in a foreign conglomerate out of reluctance to become an involuntary cog in a domestic conglomerate.

Meanwhile, knowledge of the commercial bonanzas obtained by some universities makes it harder for others to resist these temptations. Certain universities that took steps to exploit patents, copyrights, trade secrets, and everything else that came along have grown from small research institutions to giant organizations. These institutions thrive; they have money to fund all the research that interests them, and they boast of an ever more potent administrative capacity for exploiting the fruits of the human intellect.

As these universities become more professional, they grow more successful at commercializing research and they make more money. Stanford University, for example, reportedly collects more than 9.17 million dollars in annual licensing fees; the Massachusetts Institute of Technology collects more than 3 million dollars annually. Even an Ivy League institution such as Cornell, which has achieved no major breakthroughs, has secured annual revenue from royalties of about 850,000 dollars through this process, with rosier prospects just ahead. In short, once entered in the account books, maximalist revenues become an acquired taste that can turn the heads of even the staunchest defenders of the minimalist tradition.

382. See, e.g., Schade, University Technology Transfer Policy and U.S. Competitiveness in International Markets, in Blackburg Conference, supra note 24. This fear gives rise to big scare tactics regarding computer software. See, e.g., Karjal, First Case, supra note 301, at 150-51.

383. See, e.g., Brooks, supra note 10, at 54 (discussing the case of Japan). Brooks suggests that Japan may now be moving toward greater dependence on its own university system for public research.

384. See, e.g., Schade, supra note 382, at 9, in Blackburg Conference, supra note 24 (fearing research "give aways" to both U.S. and foreign companies by professors, sponsored by federal grants, who consult with these companies).

385. See generally Lesser, supra note 15.

B. Redefining the Public Interest

There is little doubt that a minimalist university could better exploit its intermediate technologies with less violence to its overall academic mission if it could protect applied scientific know-how under a sui generis legal regime that was not preoccupied with "inventions" or "artistic works." Unfortunately, despite growing interest in such an approach both here and abroad, no industrialized country has yet decided to enact a full-fledged sui generis regime even for the protection of computer software.

Although the French Copyright Law of 1985 established a rudimentary framework for such an initiative and the United States

387. See supra notes 41-62, 95-114 and accompanying text.

For the broad spectrum of opinion in the German-speaking countries, notwithstanding the ostensible triumph of the "unity of literature" thesis, see Röttinger, Rechtsschutz von computerprogrammen (pfl 1-3), 1 INFORMATIK UND RECHT (IUR) 283-300 (1988), 2 INFORMATIK UND RECHT (IUR) 93-102 (1987), 2 INFORMATIK UND RECHT (IUR) 129-49 (1987). But see Ulmer & Kölle, Copyright Protection of Computer Programs, 1 INT'L REV. INDUS. PROP. & COPYRIGHT L. (IIC) 159 (1983) (reaffirming the validity of full copyright protection for computer programs, notwithstanding traditionally "thin" protection of utilitarian works, and without noting contradiction between this position and the sui generis treatment of industrial art); Ulmer, Copyright Protection of Scientific Works with Special Reference to Computer Programs, 1 INT'L Rev. Indus. Prop. & Copyright L. (IIC) 56, 64-70 (1971) (early, authoritative, and more cautious affirmation of copyrightability that stresses "thin" protection for scientific works).

In evaluating the pro-copyright optimism that still reigns in certain circles abroad, one must recall that foreign law lags several years behind United States law in this type of litigation, so that United States decisions exaggerating the scope of protection, such as Whelan v. Jaslow, 797 F.2d 1222 (3d Cir. 1986), have yet to appear abroad. It is safe to predict that when such decisions do begin to crop up in foreign law, the critical reaction will be even stormier than in the United States. This prediction follows from the historical resistance to the "unity of art" excesses in most of those same countries. See supra notes 74-75, 291-92 and accompanying text. For evidence that this reaction is already starting to develop, see Gaudrat, La Protection des logiciels [Copyright Protection of Computer Software], 138 Revue Internationale Du Droit D'Auteur (RIDA) 76, 170-81 (1988).

389. Switzerland had moved toward such a decision. See Ritscher, supra note 122. But the Swiss authorities have reportedly settled for a short-term copyright solution on the French model.
390. See generally Kindermann, supra note 120, at 204-14.
391. See Kindermann, supra note 120, at 206-07; supra notes 292-95, 389 and accompanying
Semiconductor Chip Protection Act of 1984 introduced a model that might be adapted to this end. See infra notes 404-07 and accompanying text. 392. See generally Samuelson, supra note 126.

393. See, e.g., Kindermann, supra note 120, at 204; see also Keplinger, supra note 120, at 123-26. The inability to reach a negotiated settlement in view of North-South tensions is sometimes cited as a primary obstacle. See, e.g., J. Gorlin, supra note 296; see also O'Brien & Helleiner, The Political Economy of Information in a Changing International Economic Order, 34 Int'l. Organization 445 (1980). But see Dreyfuss, New Information Products, supra note 114, at 16-22 (more optimistic about the possibility of negotiating such treaties); Reichman, GATT Connection, supra note 348, at 29-30 (stating that an emergency treaty is feasible in context of Uruguay Round).

394. See Reichman, supra note 5, part II (discussing the "Cyclical Nature of the Design Phenomenon in All Legal Environments" and "Breaking the Cycle of Under- and Over-Protection"); see also INPI Report, supra note 301, reprinted in Indus. Prop., supra note 301, at 350 (noting the "latent risk of very heterogeneous national solutions"); Reichman, Before the Copyright Act, supra note 61, at 1170-74.

395. See, e.g., Hoffman & Karny, supra note 305; supra notes 107-14 and accompanying text.

396. See, e.g., Brown, supra note 101, at 606-09.

397. See, e.g., R. Benko, supra note 12, at 19-25; Breyer, supra note 12. Professor Kingston notes that "[a]ccording to the thinkers in the Machlup tradition . . . intellectual property can now do little to encourage innovation, and may even retard it . . . [because] modern products and services contain so much more information than earlier ones." Kingston, Response, supra note 82, in Direct Protection, supra note 12, at 278. Kingston, however, rejects this thesis.

The resulting crisis in world intellectual property law has kindled unprecedented interest in resolving the puzzle of know-how—a puzzle that seems to link all the disparate legal hybrids in need of regulatory attention. Any quest for a solution to the problems of a given legal subcategory, such as computer software, seems unlikely to produce lasting results unless it is self-consciously integrated into this broader inquiry. For example, the parallels between industrial art and industrial literature, respectively the oldest and newest marginal cases under the dominant intellectual property paradigms, are too marked to be ignored. Empirical evidence derived from the study of “applied art” suggests, indeed, that a modified copyright model may prove to be the most suitable vehicle for balancing incentives to invest in technological know-how against a redefined conception of the public interest in a global economic environment.

Further exploration of these matters would carry the present study too far afield. Here it suffices to emphasize that any legal regime capable of satisfactorily resolving the common problems posed by applied art and applied literature would go a long way toward resolving the problems posed by other intermediate technologies as well. Conversely, any attempt to address specific technologies with ad hoc legal responses that would fail to alleviate the problems posed by industrial art and industrial literature, if applied to these fields, could lead to sterile and perhaps dangerous results in the end.

399. See, e.g., H. Stalson, INTELLECTUAL PROPERTY RIGHTS AND U.S. COMPETITIVENESS IN TRADE 47-50 (1987); Ladd, To Cope With the World Upheaval in Copyright Law, in COPYRIGHT 289, 289-91, 293 (1989). This crisis casts a large shadow over the current round of GATT negotiations dealing with trade-related aspects of intellectual property. See, e.g., GREEN PAPER, supra note 312, at 218-36 (External Relations). See generally H. STALSON, supra, at 62-90; Reichman, GATT Connection, supra note 349.

400. See supra notes 70-114 and accompanying text.

401. See supra notes 109, 121-22, 291-96, 311-12 and accompanying text; Reichman, supra note 5, part II (“Premises for International Action to Harness a Disruptive Legal Hybrid”).

402. See generally id. part II (“Lessons of the American Experience for the European Community”); see also Ladd, supra note 399, at 293 (arguing that international organizations should develop “new kinds of copyright-like protection outside copyright itself” rather than extending traditional copyright law to “technology-containing works”). In the absence of such a model, the same evidence suggests that cycles of over- and under-protection are a behavioral characteristic of all the legal hybrids that fit imperfectly within either the patent or the copyright mold. See generally Reichman, supra note 5, part II.

403. In a recent study of industrial design this writer observed:

As the oldest and most disruptive marginal case in the history of intellectual property law, industrial design has left a long record of failed solutions that is eminently worthy of study. While any solution to the puzzle of [applied scientific] know-how will undoubtedly affect in-
Ideally, a legal regime adapted to the needs of computer software and other intermediate technologies would protect the creators’ applied innovative ideas without requiring the level of invention needed for patents. Such a regime would thus leave a broad area of routine improvements free for the public to use while establishing a middle range of protectable innovation in which quantitatively creative contributions to know-how might be sheltered for a relatively short period of time. It would permit disclosure prior to filing and would legitimize some form of reverse engineering to enable researchers to study each other’s work while still preserving their proprietary rights. It would also provide a marketable certificate of title to a discrete body of innovative know-how that could be sold and policed, in contrast to the amorphous sweep of copyright law, which supports vague claims to any matter judicially characterized as “expression” once an infringement action has been plausibly lodged.

Absent such a regime, university administrators cannot indulge in the assumption that their exploitation of proprietary rights to computer software automatically serves the public interest. If legal hybrids falling between the patent and copyright paradigms tend inherently to trigger alternating currents of underprotection and overprotection, as occurs in the case of industrial designs, the resulting “social bargain” remains unbalanced and, perhaps, counterproductive. This follows regardless of whether universities or private enterprise assert the proprietary rights in question. Moreover, ongoing efforts to redefine the larger public interest in the context of new technologies inevitably raise fresh concerns about the ability of universities to reconcile their increasing

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404. See supra notes 107-14.
405. See supra notes 79-114, 250-64 and accompanying text; see also Stern, supra note 388, at 1238-67.
407. See supra notes 238-53 and accompanying text.
408. See supra notes 12-25, 41-51 and accompanying text (discussing the built-in assumptions that patents and copyrights promote the public interest).
409. See supra notes 107-14, 402 and accompanying text.
410. See, e.g., Karjala, supra note 105, at 86 (stating that the “simple call for more incentives for software creation does not provide an adequate foundation for estimating the optimal level of protection”); Samuelson, supra note 126, at 511-14 (indicating a need for a different social bargain from that which copyright provides).
use of proprietary rights with the traditional functions of the academic mission—namely, to teach and disseminate the thoughts, ideas, and findings of their faculty members.411

C. The University of Technopolis

Even if Congress enacted a sui generis regime for computer software or approved measures to relieve the pressure on other intermediate technologies, this action would not free the modern university from the kinds of entangling technical and commercial relationships that software development currently engenders. A regime of this type would presumably simplify licensing, make it less essential to retain absolute dominion over the programmer’s original source code, and reduce the need for dual protection in trade secret law. Under a tailor-made legal regime, however, effective exploitation of computer software—or of other forms of applied scientific know-how, for that matter—would still require originators to contribute expertise and to participate in the further refinement and adaptation of their discoveries.412

Like private industry, therefore, universities that systematically commercialize the new technologies are, to some still unknown extent, serving their own interests and not necessarily those of the public at large. There is nothing intrinsically unworthy in this pursuit, given an age in which the tax collector limits private philanthropy and even public universities are obliged to seek private funding for essential activities. But the pursuit of enlightened self-interest surely must presuppose a sense of self-respect and some vision of the future role of the university as an institution for higher learning.

The problem is not just that universities are collaborating with industry or that they are seeking to profit from their own research activities. It is that they are behaving more and more like corporations.413 New possibilities to exploit nearly every form of research have tempted more and more universities to do just that.414 A maximalist university, having decided that its future lies in commercialized research and development, may now take unprecedented steps to achieve its goals in the manner of any large business enterprise.

411. See, e.g., Lesser, supra note 15, at 370 (noting that such tensions become acute in the field of biotechnology, in which universities and business are partners in basic research; the university trains “business scientists . . . as peers and colleagues,” and much “basic” research leads to the discovery of patentable inventions); see also Evenson, supra note 56, at 320, 322-34 (1983); Note, Ties That Bind: Conflicts of Interest in University-Industry Links, 17 U.C. DAVIS L. REV. 895 (1984).
412. See supra notes 358-61 and accompanying text.
413. See, e.g., Arons, supra note 155, at 27; Brooks, supra note 10, at 54.
At the University of New Hampshire, for example, where the administration wants faculty to be entrepreneurs and actively encourages their commercial endeavors, there is an elaborate support system for faculty “inventors/entrepreneurs” built around the following elements:

1. A university administration that encourages faculty entrepreneurship and university policies that facilitate it.
2. A university Center for Industrial Research and Consulting that provides access to university facilities and services and acts as a conflict of interest buffer and a source of advice and encouragement.
3. An innovation incubator, a physical facility where those in the process of business development can maintain an office and a prototype development area in an environment where such activity is the main enterprise.
4. A network of not-for-profit and for-profit advisory services.
5. A not-for-profit Venture Capital Network . . . (or) “dating service” that seeks to bring together inventors/entrepreneurs and informal investors who are sources of first stage venture capital . . . .

One could argue that a university so equipped tends in practice to operate as the think tank or creative branch of a corporate conglomerate; that it marshals students and professors for the overriding task of turning ideas into commercial products.\(4^{16}\) The problems with this arrangement need only be suggested. Maximum emphasis on exploiting proprietary rights in the academic work product can divert attention away from the teaching function and retard the free and open exchange of knowledge that is a tenet of scientific progress.\(4^{17}\) Faculty may increasingly experience conflicts of interest between their institutional roles and their entrepreneurial roles, which in turn influence the choice of research direction for the professor, students, and the department.\(4^{18}\)

These conflicts pose the further risk that a department may saddle itself with the unprofitable aspects of a given research project while private corporations in which faculty are involved siphon off the profitable yields.\(4^{19}\) Some gifted but nonentrepreneurial scientists may be driven

\(4^{15}\) Morrison & Wetzel, supra note 24, at 2.

\(4^{16}\) For example, the GMI Engineering & Management Institute of Flint, Michigan offers a four-year degree program that makes a conscious effort to “assist fledgling entrepreneurs and evolving firms in developing, adapting, or expanding. . . . Ties, of course, with General Motors remain strong.” Kowalski, Ramifications of Operating a Business & Industry Development Center as an Auxiliary Enterprise, in Blacksburg Conference, supra note 24.

\(4^{17}\) See, e.g., D. Nelkin, supra note 1, at 25; Lesser, supra note 15, at 369-70; see also Eisenberg, Academic Freedom and Academic Values in Sponsored Research, 67 Tex. L. Rev. 1363, 1371-78 (1988) (hereinafter Eisenberg, Sponsored Research).

\(4^{18}\) Eisenberg, Sponsored Research, supra note 417, at 1363, 1371-74, 1376-78; see also D. Nelkin, supra note 1, at 25. Eisenberg stresses the following evils: (1) secrecy of research results; (2) distortions of viewpoints and claims by academic researchers “in order to please their research sponsors”; and (3) distortion of the academic research agenda. Eisenberg, Sponsored Research, supra note 417, at 1374-78.

\(4^{19}\) See, e.g., Eisenberg, Sponsored Research, supra note 417, at 1373 (noting that given the tripartite relation between universities, faculty members, and sponsors, it “is simply not practical
out of teaching, although others may be drawn into teaching because of 
more competitive salaries.\footnote{See, e.g., Samuelson, supra note 192, at 14. Brooks believes that “the present environment of the research university may be selecting against a certain type of scholarly individual—one with a truly long-range agenda and vision but a relatively non-aggressive personality and a distaste for ‘self-promotion.’” Brooks, supra note 10, at 52. This attitude results from the need to make faculty appointments like “hunting licenses” that authorize the appointees “to sally forth and persuade some potential external sponsor in government, industry or a private foundation that they have a worthwhile research program in mind.” Id. As some authors stress, past dependence on government funding was hardly less corrupting of academic values than cooperation with industry. See, e.g., Rosenzweig, supra note 31, in Partners in Research, supra note 10, at 37; Eisenberg, Sponsored Research, supra note 417, at 1371-72.} There is also a risk that outside venture capitalists may become controllers inside the university and that university administrators may operate as the de facto employees of outside financiers.\footnote{See, e.g., Dickson, supra note 14, at 78-79 (noting that the research direction of faculty and of their students can be governed by their sponsors’ needs).} From there it seems but a short step to emphasizing commercial success in the tenure process;\footnote{See, e.g., Lesser, supra note 15, at 369 (noting that percentage return to the inventor is a point of competition when universities compete for top academics); supra note 420 (view of Brooks). Brooks finds the position of academic researchers who depend on different kinds of outside funding generally inferior to that of industry research workers, who have greater freedom to work on novel programs and new lines of investigation that are funded internally. Brooks, supra note 10, at 52.} to the formation of revenue-generating departments that act like rainmakers in law firms; and finally, to the recruiting of academics who show promise of entrepreneurial skills, not just scholarship.\footnote{See, e.g., Gibson & Smilor, supra note 164, in Blacksburg Conference, supra note 24, at 2. The plans of the ambitious university are likely to be supported by local authorities who see them as an investment in economic development. See, e.g., Eisenberg, Sponsored Research, supra note 417, at 1371-72. Carried to an extreme, this view enables the town to reassert much of the influence over gown that it lost in the 1950s and 1960s.} In short, if carried too far the organization needed to maximize commercial exploitation of research will pervade every aspect of the university’s activities and gradually dictate its physiognomy. The institution that results from this process remains a university in name, but it operates like a business enterprise.\footnote{See supra notes 157-66 and accompanying text.} Moreover, this enterprising university will naturally seek to integrate itself into the larger business community, as would any other ambitious corporate citizen. To the extent it succeeds, it may resemble the University of Technopolis, depicted below in a diagram\footnote{See supra note 157-66 and accompanying text.} that was distributed at the Blacksburg Conference in 1988.\footnote{See supra note 157-66 and accompanying text.} This diagram of the “Technopolis Wheel” epitomizes both the maximalist’s lust for empire and the minimalist’s fears
of what the future holds in store.

**TECHNOPOLIS WHEEL**


Proponents of the “Technopolis Wheel” laud its efficiency. They see competition and cooperation between its participating entities as essential for a Technopolis to develop and survive over time.\(^\text{427}\) They envision a central role for the research university, namely, to “educate

\(^{427}\) Gibson & Smilor, supra note 164, in Blacksburg Conference, supra note 24, at 3.
... and stimulate ... the scientists and engineers necessary for ... research activities on leading-edge technologies.\textsuperscript{428}

Critics tend to dismiss the corporate University of Technopolis as a caricature of what a university is supposed to be.\textsuperscript{429} In this vein, Saul Bellow described today's university as "a major source of the indispensable jargons that flow into public life," a place where "[v]ast powers stream . . . into government," and where "a power base in biotechnology, energy production, electronics" exists.\textsuperscript{430} In this environment, as one intellectual property expert recently warned, "the mix of work . . . may begin to change as universities subtly redirect their efforts toward works whose financial benefits are more easily captured."\textsuperscript{431} If faculty members then become reluctant to produce works that are less likely to advance mundane goals, it would compound the long-term effects of such a change and hasten the eclipse of the "scholarly individual" who combines vision with "distaste for 'self-promotion.'"\textsuperscript{432}

Yet, all universities must now engage in the commercial exploitation of research results if only to maintain their standing in the academic world. There is no turning back to some antediluvian state in which researchers were unpreoccupied by such concerns.\textsuperscript{433} Nor is it easy to devise a satisfactory model that fits between the minimalist and maximalist extremes expressed, respectively, at Pajaro Dunes in 1982 and Blacksburg in 1988.\textsuperscript{434}

Harvard University, for example, some eight years after it publicly denounced entrepreneurial initiatives, recently organized a multimillion dollar fund to invest in companies that commercialize the work of its faculty members.\textsuperscript{435} The Johns Hopkins University already possesses a similar fund.\textsuperscript{436} Even the august University of Chicago is tentatively committed to commercial endeavors on a case-by-case basis, with no clear conception of the future but without necessarily succumbing to

\textsuperscript{428} Id. at 1. Examples given are Silicon Valley, California, a mature technopolis; Austin, Texas, a developing technopolis; and Phoenix, Arizona, an "emerging technopolis." Id.
\textsuperscript{429} See, e.g., Brooks, supra note 10, at 53-54; Weiner, supra note 14, at 59-60.
\textsuperscript{430} S. Bellow, More Die of Heartbreak 10-11 (1987). He adds: "Academics polarize light for copying machines, they get venture capital from Honeywell, General Mills, GT & E, they are corporate entrepreneurs on the grand scale—consultants, big-time pundits, technical witnesses before congressional committees . . . Even I [the fictional narrator], as a Russian expert, occasionally get into the act." Id. at 11.
\textsuperscript{431} Dreyfuss, supra note 41, at 630.
\textsuperscript{432} See supra note 420 (quoting Brooks).
\textsuperscript{433} See, e.g., Beier, Government Promotion, supra note 12, at 561-64; Lesser, supra note 15, at 360, 369-70.
\textsuperscript{434} See supra text accompanying notes 30-38, 157-67.
\textsuperscript{436} Id.
the maximalist heresy.437

What seems most disquieting about this vision of Technopolis and its University is the extent to which it takes for granted the enduring contributions of universities that are more than corporate entities in spirit. It promotes a dangerous assumption that great theoretical breakthroughs will continue to occur in such an environment and that they will provide the maximalist university with an unending stream of innovation to develop efficiently and exploit.438 It is quite conceivable, however, that the more perfectly the Technopolises of the future integrate their universities, the less these universities will attract and nurture the kind of thinkers whose research is not exploitable in the cash-and-carry manner of a corporate balance sheet.439 Will such an environment lead to more innovation and a better future for all, or is it just a prelude to intellectual sterility and decay?

Whatever the answer, it seems fair to ask which institution will assume the role of a true university of higher learning once existing universities are transformed into hybrid business organizations that develop and manage intermediate technologies with the help of hybrid forms of intellectual property law. In this connection, one suspects that the truly great universities of the twenty-first century will not be those that develop and exploit the most lucrative innovations, but rather those that most successfully combine programs facilitating the exploitation of applied scientific know-how with an abiding commitment to basic research, teaching, and the dissemination of knowledge.

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437. Giannisis, Willis & Maher, supra note 161, in Blacksburg Conference, supra note 24; see also Fusfeld, supra note 54, in Partners in Research, supra note 10, at 18.

438. See, e.g., Brooks, supra note 10, at 54 (stating that "the universities have few advantages in the conduct of proprietary research, and if they did they would cease to be universities as we have known them").

439. See supra note 420 and accompanying text.