The Relationship of Antitrust Laws to Regulated Industries and Intellectual Property in the New Marketplace

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I. INTRODUCTION

Federal antitrust laws protect competition, not individual competitors. The new marketplace of the Internet, globalization of trade and commerce and the speed and efficiency of information flow are testing traditional rules of antitrust. Traditional rules of antitrust apply even in highly regulated industries, such as the power industry. As deregulation occurs, antitrust laws may play a greater role. This Article will address the relationship between antitrust and regulation in the power industry, as a representative example of a regulated industry.

A different but related governor on the antitrust laws is the protection afforded to intellectual property. In the 1990s, major changes in patent law were comprised of case law application of established principles of patent law to new technology and fact situations. The tremendous growth of software applications in business and of computer-based business activities led to an increase in technology patent applications. This Article will look at recent developments in the relationship between antitrust and intellectual property and at selected recent developments in patent law itself.

II. OVERVIEW OF ANTITRUST LAWS

A. The Statutes

The federal antitrust laws consist of a comprehensive series of statutes enacted at various times beginning in 1890. They are intended to promote the free enterprise system and assure vigorous but fair competition among business firms by preventing business activity that results in:

(1) unreasonable restraints on competition,
(2) formation of monopolies, and
(3) certain unfair or undesirable business practices.

The principal antitrust statutes are:

(1) The Sherman Act—The most important antitrust law with the most serious consequences; it is the only federal antitrust law that may be enforced by criminal prosecution, as well as by civil action.\(^1\)

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Section 1—Prohibits contracts, combinations and conspiracies in unreasonable restraint of trade.\(^3\)
Section 2—Prohibits creation of a monopoly, or an attempt or conspiracy to monopolize.\(^4\)

(2) The *Clayton Act*—Designed to prevent anti-competitive activities before they become Sherman Act violations; the Act declares unlawful certain acts which may have the effect of substantially lessening competition or tending to create a monopoly.\(^5\) For example:

Section 3—Prohibits conditioning sale on agreement by buyer not to purchase products from competitor of seller, agreements that tie the purchase of one product to the purchase of another, refusals to deal and certain exclusive dealing arrangements.\(^6\)
Section 7—Acquisitions, mergers and joint ventures that reduce the number of players in a market, to the extent that consumers may pay higher prices or otherwise lose the benefits of economic competition.\(^7\)
Section 8—Interlocking directorates on the boards of competing companies.\(^8\)

(3) *Robinson-Patman Act*—Prohibits certain price or service discrimination between competing purchasers of goods of like grade or quality.\(^9\) The Act contains some specific defenses, such as the good faith meeting of a competitor’s low price, or cost justification for a low price.\(^10\)

(4) The *Federal Trade Commission Act*—Empowers the Federal Trade Commission (FTC) to prevent unfair methods of competition and unfair or deceptive acts or practices.\(^11\)

**State Laws**

In addition to the foregoing federal laws, most states have also promulgated antitrust laws which, generally speaking, are consistent with the federal antitrust laws referenced above. Most states have also promulgated laws relating to unfair and/or deceptive trade practices.

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3. See id.
4. See id.
6. See id.
7. See id.
8. See id.
9. See id.
10. See id.
Foreign Commerce

In 1982, Congress added Section 7 to the Sherman Act, 15 U.S.C. § 6a, which provides for application of the Sherman Act to conduct involving trade or commerce (other than import trade or import commerce) with foreign nations only if such conduct has a direct, substantial and reasonably foreseeable effect on conduct affecting domestic trade or commerce. Generally, the competitive harm must be to a domestic competitor in U.S. trade or commerce. It should be assumed that the U.S. antitrust laws apply to any foreign operations and business of domestic companies. In addition, an increasing number of foreign nations, as well as the European Economic Community, have adopted or are in the process of adopting antitrust laws. This is a rapidly changing area, a detailed analysis of which is beyond the scope of this Article.

B. The New Marketplace

Significant and increasing Internet-based electronic business-to-business exchanges (B2B) have revolutionized the way businesses interact in buyer/seller and other transactions. This phenomenon promises increased efficiency, productivity and profitability together with lower prices. But a basic feature of B2B exchanges, which allows competitors to share information and collaborate, raises potential antitrust concerns. As a result, the government enforcement agencies, academia and the private bar have taken an interest in B2Bs, seeking to understand the way e-marketplaces work and the benefits they may offer, as well as the potential dangers they may create if improperly structured or managed.

On October 26, 2000, the FTC issued a staff report entitled *Entering the 21st Century: Competition Policy in the World of B2B Electronic Marketplaces* (FTC Report). The FTC Report includes a description of

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13. See id.
14. More than ninety countries, accounting for approximately eighty percent of world production, have enacted antitrust legislation, and at least sixty countries have premerger notification regimes—many of these laws are modeled after the U.S. or EU antitrust laws. See DOJ Official Outlines Distinctions in U.S. and EU Competition Policy, INT’L NEWS, ANTITRUST & TRADE REG. REP., Vol. 2, No. 2042 (Feb. 1, 2002). At the Bi-Annual Conference for the United States held on January 25, 2002, Deputy Assistant Attorney General William J. Kolasky spoke about the role to be played by the new International Competition Network in promoting sound competition policy around the world. The text of his address to the conference is available at http://www.usdoj.gov/atr/public/speeches/9848.htm.
various facets of B2B marketplaces and the efficiencies they may provide, and outlines a framework for understanding how to answer traditional antitrust questions in the context of new B2B technology.

Although inquiry into the competitive issues raised by each individual B2B is highly fact-intensive, the FTC Report identifies some guideposts. Assuming the ability to achieve efficiencies and innovations, industry B2Bs can expect heightened scrutiny where there appear to be (i) greater market share of the B2B participant-owners; (ii) greater restraints on participation outside the B2B; or (iii) less interoperability with other B2Bs. This does not mean that industry consortia B2Bs are presumptively unlawful or that minimum volume commitments cannot be imposed in many circumstances. It does suggest that high levels of industry ownership or substantial minimum purchase requirements will likely draw a closer look.

1. Exchange of Information

Whether a B2B information exchange might violate Section 1 of the Sherman Act under a rule of reason analysis depends on whether the structure, rules or technology of the exchange may facilitate price coordination by means of anti-competitive information sharing. The most obvious form of a potentially impermissible information exchange would be one that resulted in the signaling of price or cost information between sellers. It is also possible that buyers sharing the cost of their inputs could be accused of facilitating tacit collusion in the downstream market for finished products.

The FTC Report identifies five factors that may suggest heightened antitrust concerns:

(1) The structure of the market that the B2B services (the greater the degree of concentration in the market, and the greater the share of the market controlled by the B2B information sharers, the greater the risk of harm to competition through an information exchange); The FTC Report explicitly declined to address potential per se violations, instead limiting its discussions to rule of reason issues only.

(2) Whether the information is being shared among competitors;

(3) Whether the information relates to more competitively sensitive areas, such as price, output, costs or strategic planning regarding direct inputs;

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16. See id.
17. Id. The FTC Report explicitly declined to address potential per se violations, instead limiting its discussions to rule of reason issues only.
19. Id. at 8.
20. Id.
(4) Whether the information is current or historical; and
(5) Whether the information is unique to the B2B or can be found elsewhere just as easily.

The FTC Report notes that exclusivity policies may also aggravate the risk of collusion through information exchanges by permitting more reliable inferences about a competitor’s behavior.

Many of the efficiency attractions of B2Bs flow through information exchanges. Although it is not strictly necessary to analyze pro-competitive reasons for a challenged business practice until anti-competitive effects have been shown, as a practical matter the basic question to be asked at the outset is: What are the pro-competitive reasons for a particular information exchange?

In 1999, the FTC issued the Competitor Collaboration Guidelines, which explicitly recognize that “the sharing of information among competitors may be pro-competitive and is often reasonably necessary to achieve the pro-competitive benefits of certain collaborations.” If it is difficult, however, to articulate a good reason why a particular information exchange is necessary, there may be an increased risk of antitrust liability. For example, in United States v. Airline Tariff Publishing Co., the United States alleged defendant airlines had colluded to increase prices and eliminate discounts on airfares through a computerized fare exchange system that allowed the airlines to see competitors’ proposed price increases before they went into effect.

This risk may be minimized by sharing only aggregate data or otherwise limiting the type of information and level of detail available. Risk may be further minimized by requiring participants to sign nondisclosure and confidentiality agreements, or by implementing auditing features into the B2B structure.

21. Id. at 8-9.
22. Id. at 9.
23. Id. at 10.
25. 835 F. Supp. 9 (D.D.C. 1993) (approving consent decree); United States v. Airline Tariff Publ’g Co., 1994-2 Trade Cas. ¶ 70,687 (D.D.C. 1994) (finding competitive impact statement describing allegations that the “fare dissemination system provided a forum for the airline defendants to communicate about their prices . . . they exchanged clear and concise messages setting forth the fares each wanted the others to charge, and identifying fares each wanted the others to eliminate”).
2. Monopsony Power

While monopoly power is the primary focus of antitrust enforcement, it is possible for cooperative buying to lead to monopsony issues under certain market conditions. Monopsony power occurs when a buyer or buyer group has sufficient power to reduce the sale price of goods or services below the competitive level by limiting its purchases.

In *Mandeville Island Farms, Inc. v. American Crystal Sugar Co.*, sugar beet farmers (Farmers) in Northern California brought suit against local sugar refiners (Refiners) alleging antitrust violations after the Refiners formed a joint purchasing venture. Because sugar beets are perishable and incapable of being transported over long distances or stored safely for any extended period, the only practical market available to the Farmers consisted of the three local sugar refiners. Each season, a Farmer would contract with one of the Refiners to sell his entire crop to the Refiner under standard form contracts drafted by the Refiner. In addition, the Refiners controlled the supply of sugar beet seed. Under the standard contracts for the sale of the seed, the Refiners were given the right to supervise the planting, cultivation, irrigation and harvesting of the beets. If the conditions of the contract were not complied with, the Refiners had the right to reject the harvested sugar beets. Just before the 1939 growing season, the Refiners agreed among themselves to pay uniform prices for sugar beets. The Refiners began to use identical form contracts and based the price they would pay for sugar beets on the average of all three Refiners’ net returns. The Supreme Court held this joint purchasing agreement to be a per se violation of antitrust laws. The facts of this case seemed to figure heavily into the Supreme Court’s decision. The Refiners comprised the entire market for sugar beets and controlled the market for the seeds from which the beets grew. As a practical matter, the Refiners were able to exercise total control over the relevant sugar beet market.

27. Id. at 222 n.2.
28. Id. at 222.
29. Id.
30. Id. at 222-23.
31. Id. at 223.
32. Id.
33. Id.
34. Id. at 249.
35. Id. at 239.
36. See id.
In Addamax Corp. v. Open Software Foundation, Addamax Corporation, a producer of security systems for the computer industry, filed suit against Hewlett-Packard and the Open Software Foundation (OSF) alleging violations of federal antitrust laws after the OSF elected to use Addamax’s competitor’s security system in its new operating system. The OSF, a not-for-profit joint venture, was formed in 1988 for the purpose of harmonizing operating system specifications by developing new operating systems that would be incorporated into most finished computer systems offered to the public. The OSF consisted of many of the major competitors in the market for computer systems. The members competed against each other in both the market for the inputs used to produce their computer systems and in the market for the sale of their finished products. Addamax alleged that the OSF was an illegal joint venture designed to influence the market for operating systems technology.

In ruling on Defendants’ Motion for Summary Judgment, the court noted that agreements to set lower prices usually benefit consumers and are not harmful to competition. For this reason, such agreements do not usually give rise to antitrust injury. However, when lower prices do not result in lower prices to consumers, antitrust injury results. This occurs when the colluding buyers possess market power in both relevant markets: the upstream market for inputs, and the downstream market for output. When a buyers’ cartel has power in both markets, it can decrease output and raise prices, resulting in harm to competition and antitrust injury. The court granted summary judgment on the per se claims, but permitted Addamax to go to trial on its claim that defendants produced anti-competitive effects through collusive monopsony power.

When B2B joint purchasing aggregates large numbers of buyers such that monopsony power becomes a legitimate concern, the danger of adopting exclusivity policies is commensurately greater. One effective check on the exercise of monopsony power is the ability of buyers to purchase outside of the group (and thereby “cheat” on the buyers’ cartel). It is likely, therefore, that government enforcement agencies will

38. Id. at 277.
39. Id.
40. Id.
41. See id. at 276.
42. Id. at 280.
43. Id.
44. See id.
45. See id. at 287.
carefully scrutinize a joint buying arrangement that involves either complete exclusivity or a de facto exclusivity policy, such as one that would allow a nonexclusive member to participate in the group only on disfavored terms. As a practical matter, the Competitor Collaboration Guidelines’ “safe harbor” for legitimate collaborations, in which market share is less than twenty percent, is a good rule of thumb for judging when joint buying arrangements may be subjected to more pointed scrutiny.\footnote{Competitor Collaboration Guidelines, supra note 24, § 4.2, at 26.}

3. Exclusionary Rules in Participant-Owned B2Bs

The FTC Report expressed a concern that “there may be circumstances under which participant owners of the B2B could undermine competition by denying their competitors access to the B2B, or by otherwise disadvantaging those competitors in their use of the B2B.”\footnote{FTC Report, supra note 15, § 3.A.3, at 16.} If so, and the competitors’ costs have been raised, there is at least a possibility of Sherman Act Section 1 liability. The basic issues in analyzing this potential claim are:

(1) Whether the denial of membership significantly raises rivals’ costs by denying or limiting their access to a key input; and

(2) Whether that effect is likely to harm competition in the market for the downstream outputs.

The test is likely to be whether the excluded firm can acquire the same inputs (or adequate substitutes) at a comparable cost through other B2B exchanges or traditional means.

Because efficiencies for many exchanges depend on broadening membership, rules that restrict membership will require careful explanation. Free-rider arguments for excluding rivals may or may not have force, depending on the degree to which the fees to exchange participants compensate for free riding and on the history of the exchange’s policy on “open” access.

Exclusion concerns are certainly greater if the B2B becomes dominant in a relevant market. For example, the Supreme Court, in \textit{Northwest Wholesale Stationers, Inc. v. Pacific Stationery & Printing Co.}, held that a denial of access was subject to the rule of reason except in situations where “the cooperative possesses market power or exclusive access to an element essential to effective competition.”\footnote{472 U.S. 284, 296 (1985).} Thus, the ultimate analysis depends upon the success of other exchanges and the
importance of exchanges relative to other options over time. Given the prediction of significant B2B industry consolidation, however, exclusion concerns cannot be ignored. B2B owners will need to monitor how incentives for exclusivity (for instance, equity stakes and minimum commitments) operate in the market, particularly in light of the success or failure of other exchanges.

The most significant U.S. enforcement agency action to date has been the FTC’s investigation of Covisint, a joint venture B2B founded by General Motors, Ford, DaimlerChrysler, Nissan and Renault. In September 2000, the FTC closed its investigation and terminated the HSR waiting period. The FTC warned, however, that:

[B]ecause Covisint is in the early stages of its development and has not yet adopted bylaws, operating rules or terms for participant access, because it is not yet operational, and because its founders represent such a large share of the automobile market, the Commission cannot say that implementation of the Covisint venture will not cause competitive concerns.

It was contemplated that Covisint would not involve joint buying, would have no exclusivity requirements and would be run as an independent company. In many ways, Covisint left many interesting issues regarding monopsony, exclusion and network effects to be faced another day. Companies may expect further scrutiny if an exchange imposes exclusivity terms combined with either joint buying or selling. The initial rules of the game have been set out in the FTC Staff Report and the Competitor Collaboration Guidelines, but those rules are likely to evolve as more ventures are analyzed.

The EU Commission cleared MyAircraft.com, an aerospace products and services B2B launched by Honeywell, United Technologies and i2 Technologies. Interestingly, the EU Commission analyzed MyAircraft.com as a merger because it was deemed to be a joint venture controlled by its parent companies. This mode of analysis may be significant in the future. If B2B exchanges are analyzed as mergers whenever the firms founding them merely establish the markets, it may place a practical limit on the number of players who can be founding partners of an EU exchange, based upon their collective market shares.

49. See id.
51. Id.
52. Id.
Also, one of the reasons given by the EU Commission for its speedy approval was the existence of competing B2B exchanges in this industry. On May 3, 2001, the European Commission (EC) authorized a proposed joint venture among the Norwegian companies Telenor Bedrift AS, Den norske Bank ASA, ErgoGroup AS and the Dutch company Accenture Technology Ventures B.V. because it could find no anti-competitive concerns. The joint venture, Date AS (Date), will create and operate an Internet B2B marketplace for the procurement of office supplies. The parties notified the EC that the new entity initially will set up a B2B marketplace for procurement of non-strategic office supplies, such as stationery equipment and consumables such as pencils, pens, paper, hardware, cell phones, office accessories and flowers. After a start-up period, Date also will provide supplementary services such as payment, financing and shipment. The EC determined that, since no parent company is active in the same activities as Date, the transaction does not lend to the creation or strengthening of a dominant position.

III. ANTITRUST LAWS AND THE POWER INDUSTRY

A. Overview of Relationship of Antitrust and Regulation

The basic purpose of the antitrust laws is to protect competition and, thereby, to ensure fairness to consumers. In the energy industry, regulation largely took the place of competition in the markets for natural gas and electricity. Regulation by administrative agencies such as state public utility commissions and the Federal Energy Regulatory Commission (FERC) rather than by marketplace competition served to ensure fairness to consumers.\footnote{Ray S. Bolze et al., Antitrust Law Regulation: A New Focus for a Competitive Energy Industry, 21 ENERGY L.J. 79, 79 (2000).}

Antitrust issues in the power industry involve two opposing forces. On the one hand, less prescriptive regulation erodes antitrust immunity; on the other hand, more competitive market structures, encouraged by new regulations, tend to reduce the likelihood of undue market power and mitigate the risk of anti-competitive conduct.\footnote{Id. at 81.} Antitrust issues will arise, for example, where a pocket of market power seems to remain despite regulatory change, or where market participants cooperate for an improper purpose and expose themselves to allegations of collusion.\footnote{Id.} As a generality, antitrust risks will be highest when the regulations that
provide immunity are removed prior to having a competitive market structure in place. 56

The possession of market power is a key factor in determining whether particular actions constitute a violation. 57 Because entrenched utilities may retain significant market power during the initial stages of deregulation, they may be likely targets for antitrust scrutiny. 58

With the passage of major energy legislation, such as the Federal Power Act (FPA) 59 and the Natural Gas Act (NGA), 60 Congress chose not to let market forces rule in the electric and natural gas industries. There were several reasons for this action. 61 First, electric transmission service and natural gas transportation were generally perceived as natural monopolies because they can be provided more efficiently by one supplier. 62 The importance of electricity and natural gas to all segments of the economy dictated that these industries were “affected with the public interest.” 63 As a result, until recently, the electric and natural gas industries were dominated by vertically integrated public utilities and natural gas companies that were heavily regulated on both the state and federal levels. 64 Regulators approved the types of services provided and the rates and charges permitted for such services, and to a large extent, dictated which customers must be served. Thus, in the energy industry, as with other industries directly regulated by federal and state agencies, the antitrust laws were secondary as a device in consumer protection. 65

56. Id.
57. Competitors can run afoul of certain important antitrust laws without possessing any real market power, e.g., by agreeing to fix their prices, rig bids, or divide market areas. Id. at 81 n.1.
58. See Bolze, supra note 53, at 79.
61. For a good description of the history and development of government regulation, see EARL W. KINTNER, AN ANTITRUST PRIMER, A GUIDE TO ANTITRUST AND TRADE REGULATION LAWS FOR BUSINESSMEN (1973).
62. See Bolze, supra note 53, at 79-80.
63. For a discussion of the legal and economic rationales for regulation of public utilities and other industries, as well as the forces behind the “deregulation revolution” in the electric and gas industries, see ALFRED E. KAHN, THE ECONOMICS OF REGULATION: PRINCIPLES AND INSTITUTIONS 1-77 (1995).
64. Id.
65. For example, the Federal Communications Commission (FCC) has had primary jurisdiction over competition matters within the communications industry. In this industry, as with energy, the antitrust laws have only been deemed applicable when administrative remedies were inadequate to cope with a violation or when the acts involved were not regulated by the regulatory agency. KINTNER, supra note 61, at 130.
Deregulation of the electric and gas industries has fostered a potentially larger role for the antitrust laws. Congress and many states have determined that competition may be the better method to provide consumers with lower costs and higher quality service.\textsuperscript{66} As a result of ongoing deregulation, there are now separate producers, marketers, brokers and retail aggregators performing many functions that were previously performed solely by the vertically integrated utilities.\textsuperscript{67} Over time, many aspects of the electricity and natural gas markets will be governed by competitive forces instead of regulation by the FERC or the state commissions.\textsuperscript{68} The competitive aspects of the energy industry will be regulated like all competitive markets, by the antitrust laws.\textsuperscript{69}

\textbf{B. The Tension Between Antitrust Laws and Regulation}

The Supreme Court has in the past held certain practices of highly regulated industries to be exempt from antitrust liability because of congressional intent, express or implied, that such industry-specific regulation supersedes antitrust regulation for those industries.\textsuperscript{70} The FPA does not contain any express antitrust exemption. While it is true that the electric-power industry is subject to extensive government regulation, the Supreme Court has announced that “since our decision in \textit{Otter Tail Power Co. v. United States},\textsuperscript{71} there can be no doubt about the proposition that the federal antitrust laws are applicable to electrical utilities.”\textsuperscript{72} In \textit{Cantor}, the Court held that a Michigan electric utility’s program of distributing free light bulbs was not immune from the Sherman Act, even though the light-bulb-distribution program was included in the state-approved tariff.\textsuperscript{73} The Court found there was no evidence that the state intended to regulate the electric light bulb market.\textsuperscript{74}

The \textit{Cantor} opinion recognizes that the courts should be reluctant to imply antitrust immunity.\textsuperscript{75} In \textit{United States v. Philadelphia National Bank}, the Court said: “Repeals of the antitrust laws by implication from

\begin{itemize}
\item \textsuperscript{66} Bolze, supra note 53, at 80.
\item \textsuperscript{67} Id.
\item \textsuperscript{68} Id. at 81.
\item \textsuperscript{69} Id.
\item \textsuperscript{70} See, e.g., Silver v. N.Y. Stock Exch., 373 U.S. 341, 357 (1963).
\item \textsuperscript{71} 410 U.S. 366 (1973).
\item \textsuperscript{72} \textit{Cantor v. Detroit Edison Co.}, 428 U.S. 579, 596 n.35 (1976) (citing \textit{Otter Tail Power Co.}, 410 U.S. 366). In \textit{Otter Tail}, the Supreme Court held a utility’s conduct, refusing to wholesale power through interconnection or to perform wheeling services, was subject to antitrust challenge.
\item \textsuperscript{73} Id. at 598.
\item \textsuperscript{74} Id.
\item \textsuperscript{75} See id. at 597.
\end{itemize}
a regulatory statute are strongly disfavored, and have only been found in cases of plain repugnancy between the antitrust and regulatory provisions.\textsuperscript{76} Furthermore, “[r]epeal is to be regarded as implied only if necessary to make [the regulatory statute] work, and even then only to the minimum extent necessary.”\textsuperscript{77}

The Supreme Court applied these principles to the electric-power industry in \textit{Otter Tail} and in \textit{Cantor} and concluded that the electric-utility regulatory scheme and the antitrust laws are not “plainly repugnant” to one another.\textsuperscript{78} On the contrary, the regulatory and antitrust provisions are complementary to a degree. They share the common goal of eliminating unjust and discriminatory prices, though their ranges of authority and remedies differ.

The case of \textit{Parker v. Brown} involved an antitrust challenge to an agricultural marketing program in California which the state designed to stabilize market prices for commodities, including raisins.\textsuperscript{79} The Supreme Court held that Congress did not intend the Sherman Act “to restrain a state or its officers or agents from activities directed by its legislature.”\textsuperscript{80} Subsequent cases interpreting \textit{Parker} make clear that the state-action antitrust exemption does not encompass all action taken under color of state law. For example, in \textit{Cantor v. Detroit Edison Co.}, the fact that the defendant utility’s light-bulb-exchange program was contained in an approved tariff and therefore could not be continued without the regulatory commission’s permission did not confer antitrust immunity on the utility.\textsuperscript{81} The Supreme Court found that Michigan’s regulatory policy was neutral with regard to whether such a program should exist.\textsuperscript{82} Considering this regulatory neutrality in conjunction with the fact that Detroit Edison itself contributed substantially to the decision to adopt the program, the Supreme Court decided Detroit Edison should be held responsible for any resulting violation of the Sherman Act.\textsuperscript{83} “[N]otwithstanding the state participation in the decision, the private party exercised sufficient freedom of choice to enable the Court to

\textsuperscript{76} 374 U.S. 321, 350-51 (1963) (footnotes omitted).
\textsuperscript{78} \textit{Otter Tail} considered federal utility regulation, while \textit{Cantor} was concerned with state regulation of electric utilities.
\textsuperscript{79} 317 U.S. 341 (1943).
\textsuperscript{80} \textit{Id.} at 350-51.
\textsuperscript{81} \textit{Cantor}, 428 U.S. at 598.
\textsuperscript{82} \textit{Id.} at 585.
\textsuperscript{83} \textit{Id.} at 592-98.
conclude that he should be held responsible for the consequences of his decision. In California Retail Liquor Dealers Ass’n v. Midcal Aluminum, Inc., the Supreme Court set forth two criteria for applying the state-action exemption. “First, the challenged restraint must be ‘one clearly articulated and affirmatively expressed as state policy’; second, the policy must be ‘actively supervised’ by the State itself.”

Where the state delegates authority, the state action doctrine extends to those exercising delegated powers. In Electrical Inspectors, Inc., state-action immunity was granted to municipalities in New York against an exclusive-dealing antitrust attack by a private corporation which provided electrical inspections for residential and commercial property owners. Defendant Board was a not-for-profit corporation created in 1867 by the New York Legislature. The Board had been designated by defendant municipality Islandia in Nassau County as its exclusive agent. The Board was to implement the municipality’s obligations under a 1981 state law which established minimum standards for fire protection in the construction and maintenance of buildings in New York. Since municipalities were obligated to exercise their full powers to administer and enforce the uniform code, it was foreseeable that they might appoint as exclusive agent to do so. The court held that this decision is protected by the state action doctrine from antitrust attack.

In Trigen-Oklahoma City Energy Corp. v. Oklahoma Gas & Electric Co., Trigen-Oklahoma Energy Corp. (Trigen) sued Oklahoma Gas & Electric (OG&E) in federal district court, alleging violations of the federal antitrust laws, Oklahoma antitrust laws and Oklahoma tort law. A jury returned a verdict for Trigen on all counts except attempted monopolization. The court awarded Trigen over $20 million in damages. OG&E appealed the jury’s verdict. Because it found that OG&E is immune from federal antitrust liability under the state action doctrine and that Trigen’s remaining claims were within the exclusive

84. Id. at 593.
86. Id. at 105 (quoting City of Lafayette v. La. Power & Light Co., 435 U.S. 389, 410 (1978) (plurality opinion)).
88. Id. (granting defendants’ motions for summary judgment).
89. Id. at 279.
90. 244 F.3d 1220 (10th Cir. 2001).
91. Id. at 1223.
92. Id.
jurisdiction of the Oklahoma Corporation Commission (OCC), the court of appeals reversed.\footnote{93}

OG&E is a regulated electric utility that serves communities in Oklahoma and Arkansas. The OCC and the Arkansas Public Service Commission regulate the rates, terms and conditions of OG&E’s retail electricity sales and FERC regulates OG&E’s wholesale electricity sales.

Trigen, a wholly owned subsidiary of Trigen Energy Corporation, operates urban and industrial “district heating-and-cooling systems” around the country. In 1989, Trigen entered the Oklahoma City market by acquiring district heating-and-cooling plants from another company. At its plants, Trigen produces steam and chilled water, which are then pumped from a central station through Trigen’s underground pipeline to Trigen’s customers. In order to use Trigen’s system, buildings must be accessible to Trigen’s underground pipelines. Trigen’s Oklahoma City sales are not regulated.

OG&E and Trigen compete indirectly in Oklahoma City. OG&E attempts to persuade Trigen’s customers to purchase cooling equipment (chillers) from a third party and install chillers in the customers’ buildings. Buildings that use electric chillers consume more electricity for cooling than buildings served by Trigen. Buildings with electric chillers for cooling also do not need Trigen’s services. Without a chiller, OG&E’s electricity is not a substitute for Trigen’s district-cooling system. OG&E only sells electricity, it does not manufacture or sell chillers. OG&E also has no control over its electricity prices as its rates are set by the OCC.

The Court held that, “[b]ecause Oklahoma has clearly articulated a policy to displace competition with the regulation of electric utilities and because Oklahoma actively supervises any allegedly anti-competitive conduct, the state action doctrine immunizes OG&E’s regulated electricity sales from federal antitrust scrutiny.”\footnote{94}

In order to meet the first prong of the \textit{Midcal} test, a private party does not have to “point to a specific, detailed legislative authorization” for its challenged conduct; the State need only have made clear its intent to replace competition with a regulatory program in a particular field.\footnote{95} In addition, the state policy does not have to compel the private party to engage in anti-competitive conduct.\footnote{96} If the state policy expressly

\footnote{93. See id. at 1228.}
\footnote{94. Id.}
\footnote{96. See id. at 61.}
permits, but does not compel, anti-competitive conduct, the private party may still qualify for state action immunity.\textsuperscript{97}

The second prong of the \textit{Midcal} test, the “active supervision” requirement, “is designed to ensure that the state-action doctrine will shelter only the particular anti-competitive acts of private parties that, in the judgment of the State, actually further state regulatory policies.”\textsuperscript{98} The active supervision requirement “mandates that the State exercise ultimate control over the challenged anti-competitive conduct.”\textsuperscript{99}

According to the Court, as a state-regulated electric utility, OG&E clearly met the two-prong test for state action immunity.\textsuperscript{100} The Oklahoma Constitution manifests the State’s intent to displace competition with regulation over electric utilities.\textsuperscript{101}

Trigen contended that OG&E is not entitled to state action immunity because OG&E is not participating in the regulated electricity market but in the unregulated cooling services market. The Court disagreed.\textsuperscript{102} OG&E only sells electricity at state-regulated rates. It does not sell the electric chillers that are necessary for cooling. The Court distinguished \textit{Cantor}, which involved an electric utility that was distributing an unregulated product, light bulbs.\textsuperscript{103}

Trigen’s petition for review to the Supreme Court was unsuccessful.\textsuperscript{104} Left for another day is the question Trigen posed in its petition: Does a state regulated private utility enjoy state action immunity from antitrust liability for its monopolization of an unregulated market by means of non-price anticompetitive conduct that is neither approved nor supervised by the state?

Utility companies’ activities in filing the requests with FERC and various PSCs may be protected from antitrust liability by the First Amendment under \textit{United Mine Workers of America v. Pennington}\textsuperscript{105} and \textit{Eastern Railroad Presidents Conference v. Noerr Motor Freight, Inc.}\textsuperscript{106} The Noerr-Pennington doctrine protects the First Amendment right to

\textsuperscript{97} Id. at 61-62.
\textsuperscript{99} Id.
\textsuperscript{100} Trigen-Okla. City Energy Corp. v. Okla. Gas & Electric Co., 244 F.3d. 1220, 1226 (10th Cir. 2001).
\textsuperscript{101} Id.
\textsuperscript{102} Id.
\textsuperscript{103} Id.
\textsuperscript{104} Id. at 1220, cert. denied, 70 U.S.L.W. 3315 (U.S. Oct. 29, 2001) (No.01-178).
\textsuperscript{105} 381 U.S. 657 (1965) (holding that concerted efforts to influence public officials was shielded from the Sherman Act).
\textsuperscript{106} 365 U.S. 127 (1961) (holding that the Sherman Act does not prohibit attempts to influence passage or enforcement of laws).
petition government authorities, but later cases demonstrate that the First Amendment does not immunize all attempts to manipulate the government for anti-competitive ends.\textsuperscript{107}

In \textit{Cantor}, the Supreme Court said that:

\begin{quote}
[N]othing in the \textit{Noerr} opinion implies that the mere fact that a state regulatory agency may approve a proposal included in a tariff, and thereby require that the proposal be implemented until a revised tariff is filed and approved, is a sufficient reason for conferring antitrust immunity on the proposed conduct.\textsuperscript{108}
\end{quote}

\textit{Noerr} protects the right to make one’s views known to the government, but \textit{Cantor} and \textit{Trucking Unlimited} make clear that the right may not be used as a pretext to achieve otherwise unlawful results: “If the end result is unlawful, it matters not that the means used in violation may be lawful.”\textsuperscript{109} The Noerr-Pennington doctrine will not protect a utility which manipulates the federal and state regulatory processes to achieve anti-competitive results.

\section*{C. The Power Industry in the New Marketplace}

According to its Web site:

Nord Pool, the Nordic Power Exchange, is the world’s first international commodity Exchange for electrical power. Nord Pool organize [sic] trade in standardized physical (Elspot) and financial (Eltermin) contracts including clearing services to Nordic participants, and provides customer support in Sweden, Finland, Norway and Denmark. Being the Nordic Power Exchange, Nord Pool plays a key role as part of the infrastructure of the Nordic electricity power market and thereby provides an efficient, publicly known price on electricity, both in the spot and the future/forward market.\textsuperscript{110}

Established in 1993, Nord Pool is owned by the two national grid companies, Stattnett SF in Norway (50\%) and Svenska Kraftnat in Sweden (50\%).\textsuperscript{111} Also Sweden-based is OM Group founded in 1985. It bills itself as “the world’s leading provider of transaction technology, offering integrated and cost-efficient IT solutions to markets around the

\begin{footnotes}
\item[108] \textit{Cantor}, 428 U.S. at 601-02.
\item[109] \textit{Trucking Unlimited}, 404 U.S. at 515.
\item[111] \textit{Id.}
\end{footnotes}
world.” One of its subsidiaries is the United Kingdom Power Exchange (UKPX), Great Britain’s first Internet-enabled electricity market.

In the U.S., Enron established an online trading platform. It bills itself as “the world’s largest e-commerce website for global commodity transactions.” Another U.S.-based company is Automated Power Exchange, Inc. (APX), based in Santa Clara, California. Founded in 1996, “APX has earned a reputation as the industry’s trusted independent service agent. We are a leading trading service provider in the U.K. and Scandinavia. We are the largest independent power scheduling and settlement agent in North America. We are the industry-standard provider of market infrastructure systems that track renewable power production in the U.S.”

This sampling shows the following:
1. Internet trading in the power industry, still in its infancy, is more advanced in Europe, with its deregulated utilities.
2. There is competition among exchanges in Scandinavia. The FTC Report suggests such competition is good and exclusionary practices within each competing exchange will not receive such close scrutiny as they would in the absence of competition between and among exchanges.
3. As deregulation continues in the U.S., market forces, perhaps more than antitrust enforcers, will determine which companies survive or succeed.

On October 3, 2001, the FTC issued a staff report entitled: Competition and Consumer Protection Perspectives on Electric Power Regulatory Reform: Focus on Retail Competition.

The staff report identifies characteristics of how restructuring the electricity sector at the state level has proceeded:
(i) those states that have moved toward competition in electricity generation and retail marketing are in a transition period, during which retail price regulation will continue as some elements of competition are introduced;
(ii) no state has completed the transition period;
(iii) most policy choices confronting states during this transition period involve trade-offs, with each option presenting potential costs and benefits;

(iv) because states are in a transition phase that represents a hybrid of regulation and competition, many of the expected benefits of competition have not yet emerged; and

(v) nothing that has occurred to date indicates that competition—once the transition period is completed—will not produce additional benefits to electricity customers.117

On March 12, 2002, the Supreme Court issued its opinion in New York, et al. v. Federal Energy Regulatory Commission, et al.118 The case illustrates the continuing tension between state and federal regulatory schemes. At issue was FERC Order No. 888, issued in 1996, which required electric utilities controlling transmission lines to transmit competitors’ electricity over its lines on the same terms that the utilities apply to its own energy transmissions, when the utilities have separated, or “unbundled,” the cost of transmission from the cost of electrical energy in billing retail customers. Upholding FERC’s power by statutory interpretation of the FPA, the Court rejected the states’ argument, among others, that legislative history of the FPA showed a congressional intent to safeguard preexisting state regulation of the delivery of electricity to retail customers.119 Although not turning on antitrust principles, the opinion notes the government’s power to address anticompetitive activity in the power industry. The Court referred specifically to its Otter Tail decision in the context of a utility company which refused to sell power at wholesale to some municipalities and refused to transfer competitors’ electric power over its lines.120 Perhaps because of Otter Tail, no party in the suit “questions the validity of [Order No. 888] insofar as it applies to wholesale transactions: The parties dispute only the proper scope of FERC’s jurisdiction over retail/transmissions.”121

The Court’s decision was based as much on changes in the power industry—unbundling of services and delivery lines having effectively been combined into three major networks or grids in the continental United States—as on efforts truly to put the square peg of Order No. 888 in the round hole of the FPA. The states retain jurisdiction—for the moment—over “bundled” transmissions to retail customers, even though three justices would have taken that away as well.122 It will likely be a private competitor, attempting to force a bundled cost utility to permit

117. Id.
118. 122 S. Ct. 1012 (2002).
119. Id. at 1026.
120 Id. at 1018 n.6.
121. Id. at 1022.
122. Id. at 1029 (Thomas, J., Scalia, J., and Kennedy, J., dissenting in part).
access to its lines, which will trigger the next round of litigation. Whether the claim for relief will invoke FERC’s rule-making authority or the courts’ power under *Otter Tail* to fashion an antitrust remedy, the interplay of regulation and antitrust will continue.

The recent high-profile fall and bankruptcy filing of Enron Corporation is an example of what may happen to a company that affects regulated industry but is not itself regulated in the traditional sense.\(^{123}\) Another recent example of the marketplace grappling with formerly regulated industries is the California energy crisis. Neither situation directly implicates the antitrust laws and is beyond the scope of this Article. However, as details emerge and more analysis is done, antitrust concepts and issues may arise.

### IV. INTELLECTUAL PROPERTY ISSUES

#### A. Patent Protection

Patent protection is available in the United States and most advanced countries around the world, including for computer software. The scope of a patent is defined by specific elements of an enumerated claim. A patent claim is infringed if all the elements recited in the claim are found in the alleged infringer’s product or process. As with all areas of law which rely on the complexities and subtleties of technology, patent law cases are as complex as antitrust cases. For example, infringers have been known to make insubstantial changes to try to avoid the literal elements of a claim. The judge-made protection for patentholders has been called the “doctrine of equivalents.”\(^{124}\) A recent limitation of the application of the doctrine of equivalents occurred in the Federal Circuit Court of Appeals, which has exclusive jurisdiction in patent appeals.\(^{125}\)

This was the second appeal in the case. After the first appeal, the Supreme Court on *certiorari* vacated and remanded for further consideration in light of its decision in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*\(^{126}\) In this second appeal, the Federal Circuit en banc applied prosecution history estoppel against Festo, the patent holder, as a limitation on the doctrine of equivalents, and reversed a judgment of the trial court in favor of Festo against the alleged infringer.\(^{127}\)

\(^{123}\) *In re Enron*, Cause No. 01-16034 (Bankr. S.D.N.Y. 2001).


\(^{125}\) *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki*, 234 F.3d 558 (Fed. Cir. 2000) (en banc), *cert. granted*, 121 S. Ct. 2519 (June 18, 2001) (No. 00-1543).


\(^{127}\) *Festo Corp.*, 234 F.3d at 591.
In another case, a predecessor to Interactive Pictures Corporation (iPIX), sued Infinite Pictures, Inc. in September 2000 for infringement of its patent (U.S. Patent 5,185,667) covering a technique for converting photographic “fish eye” images into a distortion corrected view, allowing a user to “step inside” and navigate within an image. The jury held the iPIX patent valid and infringed and awarded iPIX $1 million in damages. Infinite Pictures appealed the decision to the U.S. Court of Appeals for the Federal Circuit. The appeals court affirmed in all respects the jury’s verdict and held that Infinite Pictures’ SmoothMove Panorama Web Builder, which aligned and seamed three images into a 360-degree panorama image in an equirectangular format, infringed the iPIX patent.

The technology in dispute involved a fisheye lens camera producing a circular image of an entire hemispherical field of view. The patent holder displayed certain White House rooms decorated for the holiday season in 2001. The alleged infringer produced similar images with its equirectangular panorama technology. The court agreed with iPIX’s theory of infringement based on the doctrine of equivalents, in particular that SmoothMove’s equirectangular panorama file, though not an image obtained directly from a fisheye lens camera, was substantially similar to it. The court confirmed iPIX’s patent rights covering the transformation of fisheye, equirectangular or equivalent photographic images into perspective corrected immersive images.

The court held, inter alia, that iPIX was not precluded by prosecution history estoppel from asserting the equirectangular panorama infringed the iPIX patent under the doctrine of equivalents. At issue was an amendment to the primary claim and arguments by iPIX to the Patent Office in connection with the Amendment, which Infinite asserted established prosecution history estoppel. The court held that “[b]ecause the amendment merely made explicit what had been implicit in the claim, the amendment was not made for a ‘substantial reason related to patentability’ and thus does not create prosecution history estoppel.” In support of its holding, the court also cited another of its post-Festo and post-Warner-Jenkinson cases, Turbocare Division of

129. Id.
130. Id. at 1386.
131. Id. at 1382.
132. Id. at 1386.
133. Id. at 1379-80.
134. Id. at 1378 (citing Warner-Jenkinson, 520 U.S. at 33).
Demag Delaval v. General Electric. The Court in Turbocare held that “the addition of the word ‘contact’ to a claim did not narrow the claim and therefore did not estop application of the doctrine of equivalents for that element because another claim phrase, ‘small diameter position,’ when read in light of the specification, necessarily implied ‘contact.’”

It is clear from these recent cases that the doctrine of equivalents will continue to be a hotly contested issue, both in law and in fact in the Federal Circuit. As the iPIX court noted:

Whether a patentee can avail itself of the doctrine of equivalents implicates certain questions of law, which we review de novo. [Citing Warner-Jenkinson, 520 U.S. at 39 n.8 for the proposition that whether a patent’s prosecution history estops the patentee from arguing an equivalent is an issue of law.] Determination of infringement by equivalents is an issue of fact [citation omitted], which after a jury trial we review for substantial evidence [citation omitted].

Most e-commerce companies depend on third-party software licenses for such things as billing and maintaining customer databases. Catapult Entertainment, a debtor in bankruptcy, moved to assume a nonexclusive patent license as part of its reorganization plan. The licensor objected. The Court held that the debtor could not assume using the license without the license owner’s consent. In other words, the debtor was at the mercy of the licensor. Catapult might well apply to copyright licenses as well. This could be a significant detriment to e-commerce companies for which intellectual property may be the only valuable asset on their short balance sheet.

Judicial limitations within the realm of patent law itself and antitrust limitations on the exercise of patent power will interact with market forces. Look for dynamic developments in the new marketplace.

B. Tension and Harmony Between Antitrust Laws and Patent Protection

The Federal Circuit summarized the tension and harmony of the patent and antitrust laws in Atari Games Corp. v. Nintendo of America, Inc., as follows:

[T]he aims and objectives of patent and antitrust laws may seem, at first glance, wholly at odds. However, the two bodies of law are actually

135. 264 F.3d 1111, 1125-26 (Fed. Cir. 2001).
136. Interactive Pictures, 274 F.3d at 1378.
137. Id. at 1376.
complementary, as both are aimed at encouraging innovation, industry and competition.” [citation omitted.] There may on occasion exist, therefore, a fine line between actions protecting the legitimate interests of a patent owner and antitrust law violations. On the one hand, the patent owner must be allowed to protect the property right given to him under the patent laws. On the other hand, a patent owner may not take the property right granted by a patent and use it to extend his power in the marketplace improperly, i.e. beyond the limits by what Congress intended to give in the patent laws. The fact that a patent is obtained does not wholly insulate the patent owner from the antitrust laws.139

Xerox had a policy from 1984 of not selling certain parts or licensing certain software to independent service organizations (ISOs) unless such ISOs were also end-users. In 1994, Xerox settled an antitrust lawsuit with a class of ISOs by which it agreed to suspend its restrictive parts policy and to license its diagnostic software for a certain number of years.140 An opt-out ISO, CSU, sued Xerox on a theory that Xerox violated the Sherman Act by setting the prices on its patented parts much higher for ISOs than for end-users with the intent to force ISOs to raise their prices. Xerox counterclaimed for patent and copyright infringement. Xerox prevailed in the trial court, in the District of Kansas.141 On appeal to the Federal Circuit, that court affirmed.142

The opinion is interesting for a number of reasons. First, while the Federal Circuit is creating a body of substantive patent law, it defers to other Circuits, in this case the Tenth Circuit, on the question of antitrust claims on the copyrighted materials.143 To demonstrate that no issue is simple, other iterations of the Federal Circuit on applicable law show its evolution from applying regional circuit law to abandonment of that practice in favor of applying its own [Federal Circuit] law to “all antitrust claims premised on the bringing of a patent infringement suit.”144

Second, while patents do not confer a privilege to violate the antitrust laws, the mere existence of a patent right does not violate Section 2. Quoting from an earlier case, the court stated that “[t]he patent right must be coupled with violations of § 2 and the elements of violation of 15 U.S.C. § 2 must be met.”145 In holding that Xerox’

139. 897 F.2d 1572, 1576 (Fed. Cir. 1990) (citations omitted).
141. Id.
142. Id.
143. Id. at 1325.
unilateral refusal to share its intellectual property did not violate the antitrust laws, the court put itself analytically at odds with the Ninth Circuit. In Image Tech. Services, Inc. v. Eastman Kodak Co., the panel refused to reverse on the basis of Kodak’s requested but not given jury instruction that the exercise of lawfully acquired intellectual property rights does not violate Section 2. While agreeing that the district court’s failure to give any weight to Kodak’s intellectual property rights in the jury instructions was an abuse of discretion, the court held the error was harmless. This may seem to be in accord with the First Circuit’s statement that intellectual property rights create a rebuttable presumption of entitlement to refuse to license others. The Ninth Circuit held that “a monopolist’s ‘desire to exclude others from its [protected] work is a presumptively valid business justification for any immediate harm to consumers.’”

The court in Xerox declined to follow the Ninth Circuit’s Kodak opinion. Believing that such an inquiry involves the subjective motivation of the patent holder, the court would not inquire into motivation to refuse to license intellectual property even though the refusal “may have an anticompetitive effect, so long as that anticompetitive effect is not illegally extended beyond the statutory patent grant.” In sum, “Xerox was under no obligation to sell or license its patented parts and did not violate the antitrust laws by refusing to do so.”

Third, the court applied the same rationale and reached the same result under the Copyright Act. The denial of certiorari by the Supreme Court leaves for further development the conflict between the Federal Circuit in Xerox and the Ninth Circuit in Kodak on the question of whether the unilateral refusal to sell or license intellectual property protected by a patent or copyright may constitute a violation of Section 2. The conflict was fueled by outgoing FTC Chairman Robert Pitofsky:

More important than the Xerox result itself, questions arise as to what the Federal Circuit’s approach portends, i.e., an approach that seems to exalt protection of intellectual property rights, with respect to continuing validity

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146. 125 F.3d 1195, 1218 (9th Cir. 1997), cert. denied, 523 U.S. 1094 (1998).
147. Id.
148. Image Tech. Serv., Inc. v. Eastman Kodak Co., 125 F.3d 1195, 1218 (9th Cir. 1997) (citing Data Gen. v. Grumman Sys. Support, 36 F.3d 1147, 1187 (1st Cir. 1994)).
149. Id. at 1218 (quoting Data Gen., 36 F.3d at 1187).
151. Id. at 1327-28 (citations omitted)
152. Id. at 1328.
153. Id.
in the Federal Circuit of the long-standing balance between antitrust and intellectual property. Let me be clear that I have no quarrel with the fundamental rule that a patent holder has no obligation to license or sell in the first instance. A patent holder is not under any general obligation to create competition against itself within the scope of its patent. But what will the rules be when the patent holder conditions the availability of its patented products or inventions on terms that affect competition? The Xerox opinion could be read to say that the invocation of intellectual property rights settles the matter, except in the three narrow situations described in the opinion, regardless of the effect of the refusal to deal on competition or the importance of the refusal to deal to protect incentives to innovate. That should not be the way these issues are addressed.\[154\]

As the Ninth Circuit panel in Kodak itself lamented, “[a]t the border of intellectual property monopolies and antitrust markets lies a field of dissonance yet to be harmonized by statute or the Supreme Court.”\[155\]

C. Antitrust Implications in Licensing of Intellectual Property

The most recent guidelines by enforcement agencies in the area of intellectual property licensing were issued in 1995.\[156\] Developments in the ensuing six years, including technological advances in the new marketplace, have been exponential. On November 15, 2001, new FTC Chairman Timothy J. Muris announced that hearings will be held in 2002, beginning in January, on the relationship of antitrust law and intellectual property.\[157\] The hearings, jointly cohosted by the FTC and the Antitrust Division of the Justice Department, will seek to gather facts about, and to enhance the understanding of, how doctrines, practices, and policies of each discipline affect both initial and sequential innovation, and related functions, in today’s economy.\[158\] The goal is to promote dialogue, learning, and consensus building among business, consumer, government, legal, and academic communities on these topics.\[159\] In addition to officials from the FTC and the Antitrust Division, business, consumer, judicial, Congressional, and other government representatives


\[155\] Image Tech. Serv., Inc., 125 F.3d at 1217.


\[158\] See id.

\[159\] See id.
will be invited, as will representatives from the antitrust and intellectual property bars, economists, and academics.¹⁶⁰

V. CONCLUSION

Capitalism is complicated. There is tension between rewarding innovation and hard work and deterring abuse of economic power. Success may be rewarded under the patent laws. Too much success may be punished under the antitrust laws. Regulation of the power industry was believed to be efficient. The antitrust laws served mainly as a gyroscope. In a deregulated and Internet-dominated age, both market forces and antitrust enforcers will jockey for position.

¹⁶⁰ Id.