

Follow us on **Twitter** @BerkLawBizNet • Like us on **Facebook** @The Network: Business at Berkeley Law

Faculty News and Research Highlights

On November 25, 2011, **Suzanne Scotchmer** was honored by the University of Basel, Switzerland for her distinguished research in the areas of intellectual property rights and innovation incentives, evolutionary game theory, and club theory. Her expertise and knowledge have influenced innovation policy and patent law reform in the US. Scotchmer is regarded as a preeminent contributor to the study of the interplay between economics and jurisprudence. [Read more>](#)

On December 24, 2011, *Bloomberg Radio's* host June Grasso asked **Robert Bartlett** to look back at some of the major securities law cases of 2011. Bartlett discussed the Supreme Court's interpretation of Section 10(b) of the Securities and Exchange Act in the Janus Capital case; Judge Rakoff's rejection of the SEC's settlement agreement with Citigroup in the SEC's enforcement action against the bank for misleading mortgage prospectuses; and the DC Circuit's rejection of the SEC's proposed proxy access rule. This interview is divided into two parts: [part one](#) and [part two](#).

In the essay "[On Tax Increase Limitations: Part I - A Costly Incoherence](#)," **David Gamage** and co-author Darien Shanske explore the theoretical implications of one particular type of fiscal limitation on state legislatures - namely, special rules for tax increase limitations (TILs) - and whether these are analytically sound. [Read more>](#)

How should government research subsidies be allocated? What percentage should go to commercial firms and how much to academia? Should the law protect knowledge created by university research? In "[Ideas and Innovations: Which should be subsidized?](#)" a paper presented to the American Economic Association, **Suzanne Scotchmer** suggests a mix of subsidies that would enable university researchers to focus on ideas, while for-profits focus on innovation.

"[Don't Tax the Rich, Tax Inequality](#)." **Aaron Edlin** and co-author **Ian Ayres** explore inequality as a tangible and imminent threat to modern society. Edlin and Ayres believe we have reached a tipping point, and propose a plan for Congress to reform the tax code to put the brakes on further growth in inequality. [Read more>](#)

Continued on page 2

Events

Wednesday, January 18, 2012

2223 Fulton, 6th Floor; 4:00-6:00 pm

[China's Regulatory State: A New Strategy for Globalization](#)

[Roselyn Hsueh](#), Temple University

Co-sponsored with Institute of East Asian Studies (IEAS), Center for Chinese Studies (CCS), and Center for the Study of Law and Society
Today's China is governed by a new economic model that marks a radical break from the Mao and Deng eras. Hsueh will demonstrate how the Chinese government has selectively imposed new regulations even with the introduction of competition. Introduction by **Stanley Lubman**. [Read more>](#)

Wednesday and Thursday, February 1-2, 2012

Haas School of Business & Berkeley Law (all day)

[Israel Through the High Tech Lens](#)

Organized by the *Berkeley Institute for Jewish Law and Israeli Law, Economy and Society*

This two-day international, interdisciplinary conference will bring together business leaders, scholars and policy makers from Israel and from the US to discuss business, legal, economic and social aspects of the Israeli High-Tech world. [Read more](#) and [register>](#)

Wednesday, February 8, 2012

Boalt Hall, Room 100; 12:45-1:45 pm

[Enforcement Without Foundation? -- China's Illegal Insider Trading Enforcement Regime](#)

[Nicholas C. Howson](#), University of Michigan Law School

China's securities regulator enforces insider trading prohibitions pursuant to self-conceived and non-public guidance. Howson argues that the agency guidance is itself unlawful and unenforceable, and thus a large part of China's contemporary insider trading enforcement regime is without foundation. [Read more](#) and [register>](#)

Curriculum

Richard M. Buxbaum will teach [Comparative Corporate Governance](#). Buxbaum's new course adopts a comparative approach to the study of corporate governance. It will include discussion of the hard-law rules and soft-law norms that apply to corporate governance. It will examine the applicability of these laws to traditional issues of owner-manager relations, such as fiduciary responsibility, and also whether these same laws can be extended to broader issues of corporate social responsibility

Continued on page 2

Faculty News and Research Highlights (continued)

In his new book: "[Justifying Intellectual Property](#)," **Robert Merges** makes an ethical case for IP, arguing that these rights have deeper roots than economic efficiency alone. [Read more>](#)

Alan J. Auerbach published "[Long-Term Fiscal Sustainability in Major Economies](#)." As the world economy slowly recovers from the very deep and widespread recession of recent years, many countries confront very serious fiscal imbalances. How much time they have to deal with these imbalances is a central question. [Read more>](#)

"[Stem-Cell Pioneer Bows Out](#)." Geron's recent announcement that it would cease work on its stem-cell-therapy programs and focus on its anti-cancer portfolio has caused concern among investors and patients. **Ken Taymor** observed that Geron's decision may benefit the field: Geron controls extensive intellectual property relevant to human ES-cell therapy, and it may now be more willing to license this portfolio to help others pursuing such therapies.

The Network – Editors Highlights

The Network is part of a larger effort by BCLBE and Berkeley Business Law Journal (BBLJ) to exploit social media and the internet to build greater awareness of the work by Berkeley Law faculty while also keeping readers informed on current issues by posting commentary written by students, faculty and professionals in the legal community. Here is a snapshot of the Editors at The Network and their experience and aspirations:

Peter Benesh's top-of-the-list classes have been Modern Topics in Corporate Governance and Fundamentals of Leveraged Buyouts. Benesh found these classes insightful with respect to the practice of transactional law. Having practitioners teaching added great value, as they focus on issues that arise in



common corporate activities. The Network has provided him the opportunity to work with professors on the cutting-edge issues in legal academia, issues that are "too new" for the classroom. Given the dynamic nature of business law, particularly in light of the Dodd-Frank Act, The Network has helped him understand some of the issues well enough to be able to hold his own with some practitioners in these fields.

James Nguyen thinks the most interesting class he has taken is Property, which provided him the basic legal underpinnings of how the market economy functions. Learning Property felt to James like a history lesson about how we got to the modern economy, and how the premise of private property and ownership formed the foundations for the present market-oriented economy. Nguyen recently worked for the



Consumer Financial Protection Bureau, and was staffed on the Card Markets team within the Research, Markets and Regulations division, beginning shortly after its inception. His most memorable project was working on the Bureau's credit card simplification initiative, assisting from initial planning through public launch. Nguyen's aspiration is to work for a regulatory agency and this summer he will be working at the Federal Reserve Board's Legal Division.

Curriculum (continued)

affecting a wider range of stakeholders: workers, creditors, and the community at large. Students will read both primary and secondary materials encompassing the historical development of the concept of corporate governance, as well as the economic and policy implications of extending the concept into the realm of social responsibility. The readings include examples from US state and federal law, European Union, East Asian and Latin American law and the soft-law norms governing inter-governmental organizations and international professional associations.

BCLBE Online

A recent post to [The Network: Business at Berkeley Law](#) discusses the [trade balance](#) between the United States and China which has been heavily in favor of the People's Republic for a long time. A reason for this is the *de facto* pegging of the Renminbi ('RMB') to the US dollar leading to conclusions that the Chinese Government actively purchases American dollars with the aim of artificially undervaluing its own currency. Another article looks at California's authorization of Flexible Purpose Corporations ([FPC](#))—a new corporate form that will allow a corporation to integrate the for-profit philosophy of the traditional corporation with a *special purpose* mission that is similar to a charitable purpose. [Read more Network entries>](#)

A post on [The VC Research Network](#) analyzes the decline in US [IPO activity](#) and examines the 50 companies involved in the [largest IPOs](#) measured by deal size in the 18-month period from Jan. 1, 2010 through June 30, 2011. It also reviews practices and trends in a number of areas, including those related to directors and independence, board committees and policies, stock plans, key metrics and non-GAAP measures, and defensive measures.

Check the [BCLBE Website](#), follow us on [Twitter](#), or Friend us on [Facebook](#) for updates on our research, policy papers and activities, and/or to view recordings of our past programs.

BCLBE Directors

Ken Taymor, Executive Director
ktaymor@law.berkeley.edu

Eric Talley, Faculty Co-Director
etalley@law.berkeley.edu

Nancy Wallace, Faculty Co-Director
wallace@haas.berkeley.edu

Contact BCLBE at: bclbe@law.berkeley.edu

Sponsors

LATHAM & WATKINS LLP

