


# Intellectual Property Rights

## Panel Discussion at BINUS



Stefan Wagner  
Jakarta, 28. 10. 2013

▶ A Connecticut yankee in King Arthur's court

**“... the very first official thing I did, in my administration – and it was on the very first day of it, too – was to start a patent office;**

**for I knew that a country without a patent office and good patent laws was just a crab, and couldn't travel any way but sideways or backwards.”**

Mark Twain, 1889

# Patents need to balance incentives for investors and cost to society

## Patents are a double-edged sword

	Positive	Negative
Innovation	<ul style="list-style-type: none"> <li>• Creates an incentive for R&amp;D/ innovation investments</li> <li>• Speed of diffusion of knowledge due to revelation</li> <li>• Reduce duplication of effort</li> </ul>	
Competition		<ul style="list-style-type: none"> <li>• Create short-term monopolies (which may become long-term in network industries)</li> <li>• Can be a barrier to entry under certain conditions</li> </ul>

Source: Bronwyh Hall

# Recent research shows that the classical view needs to be extended

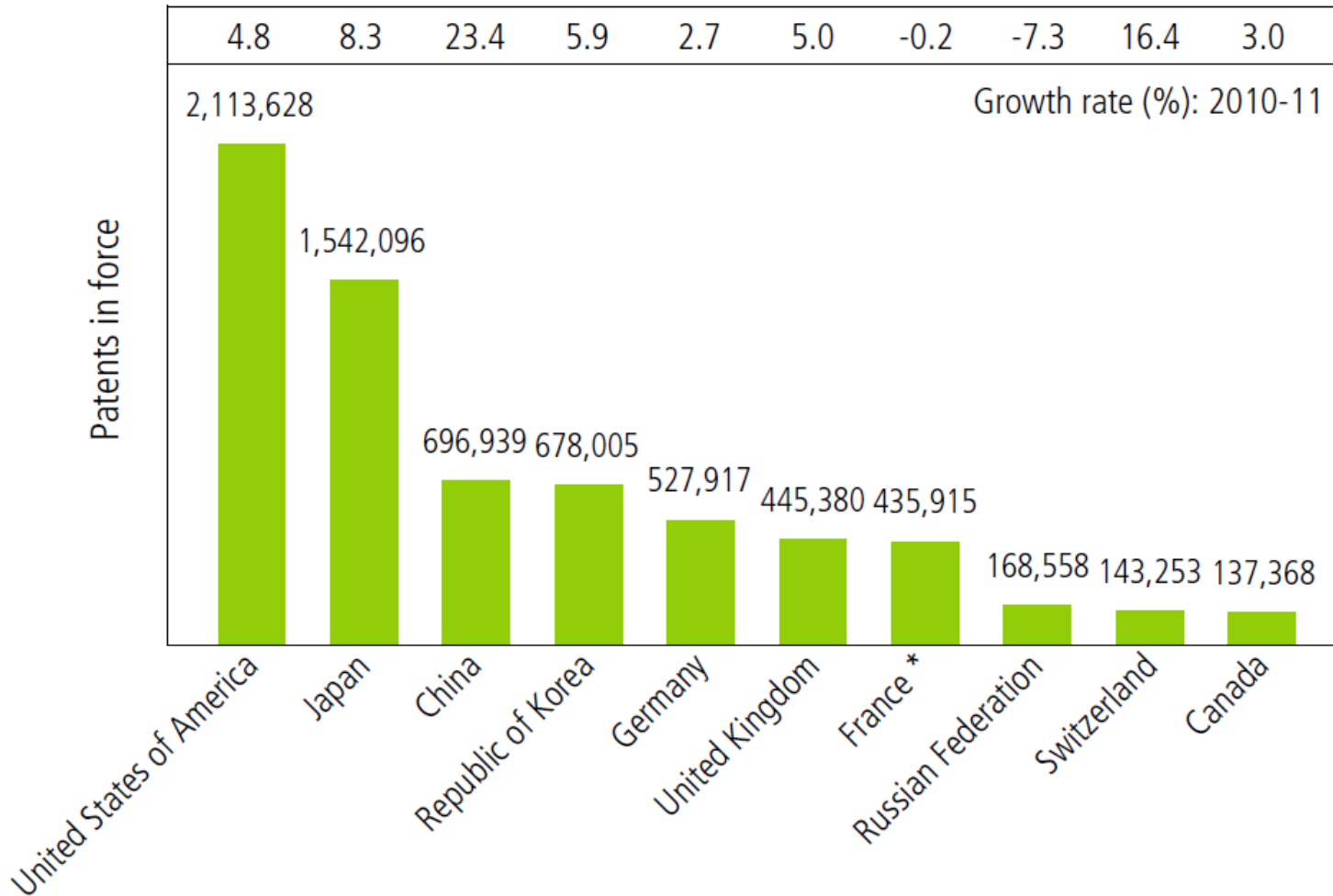
## A more balanced view

	Positive	Negative
Innovation	<ul style="list-style-type: none"> <li>• Creates an incentive for R&amp;D/ innovation investments</li> <li>• Speed of diffusion of knowledge due to revelation</li> <li>• Reduce duplication of effort</li> </ul>	<ul style="list-style-type: none"> <li>• Impede the combination of new ideas and inventions</li> <li>• Raise transaction costs</li> <li>• Inhibit cumulative invention</li> </ul>
Competition	<ul style="list-style-type: none"> <li>• Facilitate entry of new or small firms with limited assets</li> <li>• Facilitate financing of new ventures</li> <li>• Enable vertical disintegration</li> </ul>	<ul style="list-style-type: none"> <li>• Create short-term monopolies (which may become long-term in network industries)</li> <li>• Can be a barrier to entry under certain conditions</li> </ul>

Source: Bronwyh Hall

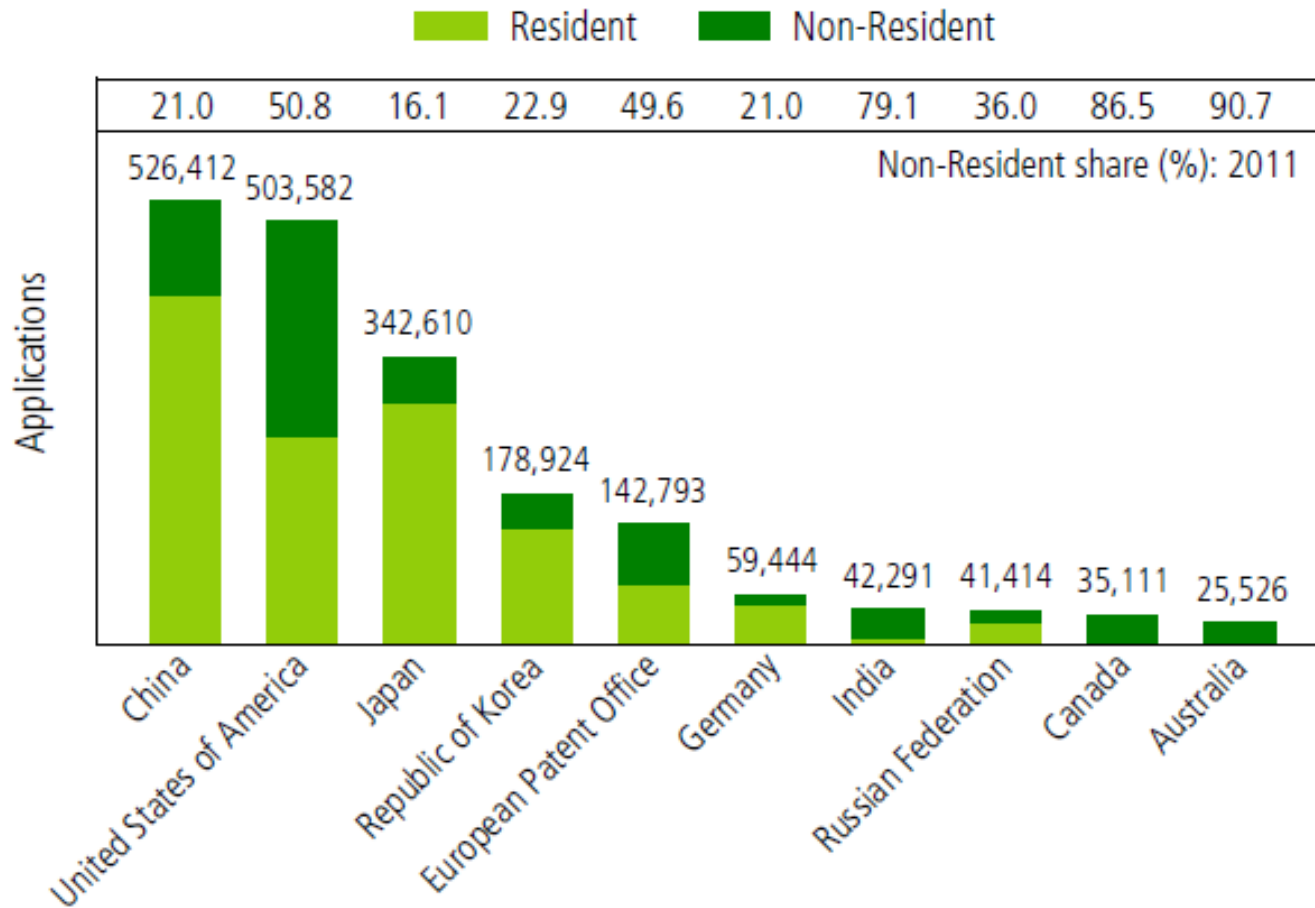
## Most nations adopted patent systems and they grew big

### Number of patents in force in 2011 for selected jurisdictions



# ➤ Growth is tremendous and not likely to slow down anytime soon

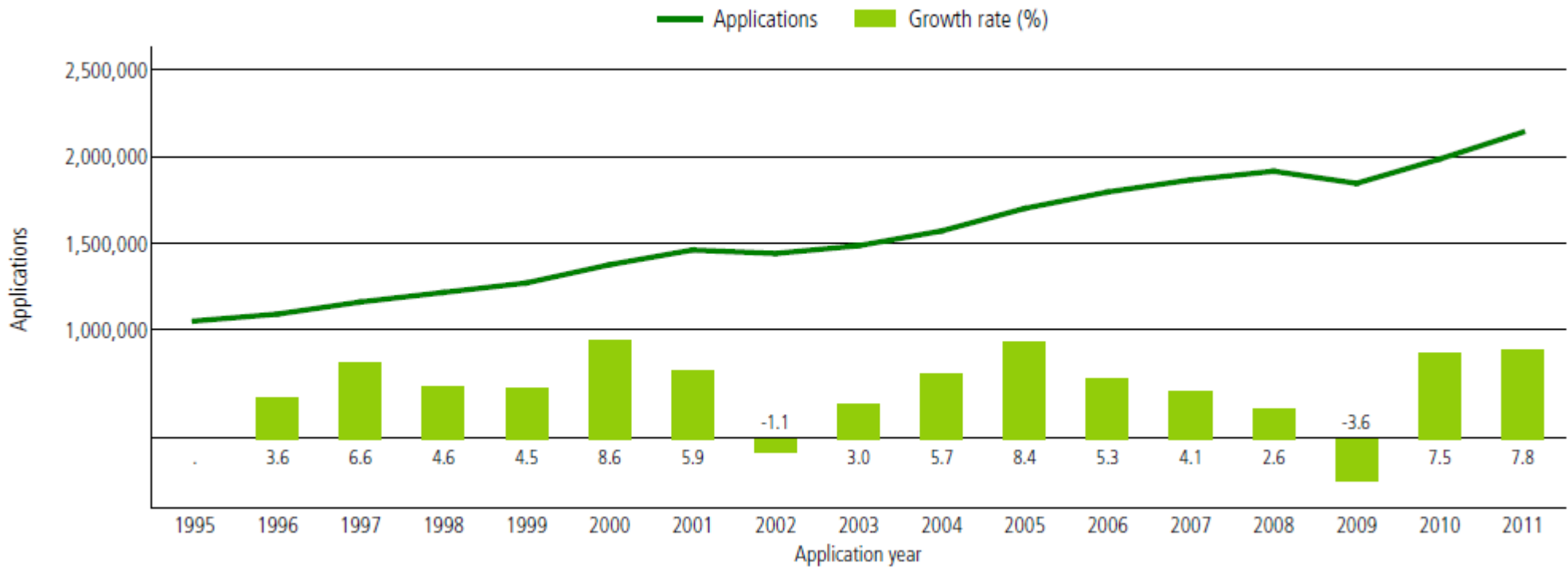
## Number of patent applications in 2011 for selected jurisdictions



Source: WIPO, World Intellectual Property Indicators, 2012

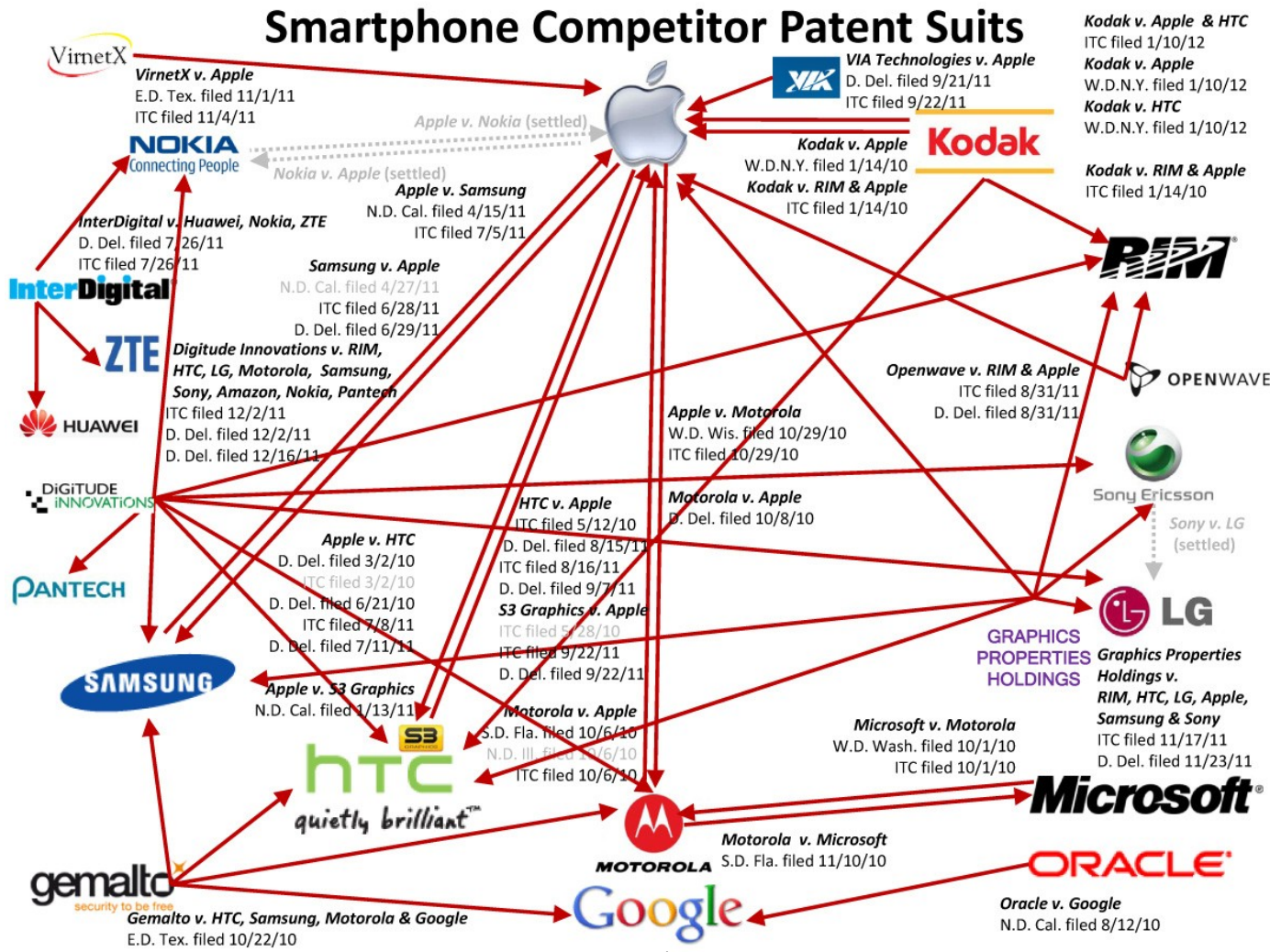
# The patent explosion

## Number of patent applications filed globally



Source: WIPO, World Intellectual Property Indicators, 2011

# The problem of overlapping patents – example: mobile communication industry



Source: www.phonearena.com



# Is the patent system broken?

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## Apple's Slide to Unlock Patent: Yes, the Patent System Needs Reform

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As several people are pointing out Apple has been granted a US patent on the slide to unlock feature of the iPhone. Actually, it's on the iPad as well and it's also on just about every phone and or tablet running Google's Android as well like most of Samsung's products.

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USPTO's first patent examiner on patent systems

**“The abuse of frivolous patents is likely to cause more inconvenience than is countervailed by those really useful.”**

Thomas Jefferson, 1790

Now – who is right?

