

Patent Notice and Markets for Technology

by James Bessen

Federal Trade Commission, March 19, 2009

Markets for technology

- Patent licensing
- Technology licensing
- Embedded technology

Benefit: best use

Benefit: best use

- Patent licensing
- Technology licensing
- Embedded technology

Markets & rights:

Markets & rights:
“Enforceable and
well-defined”



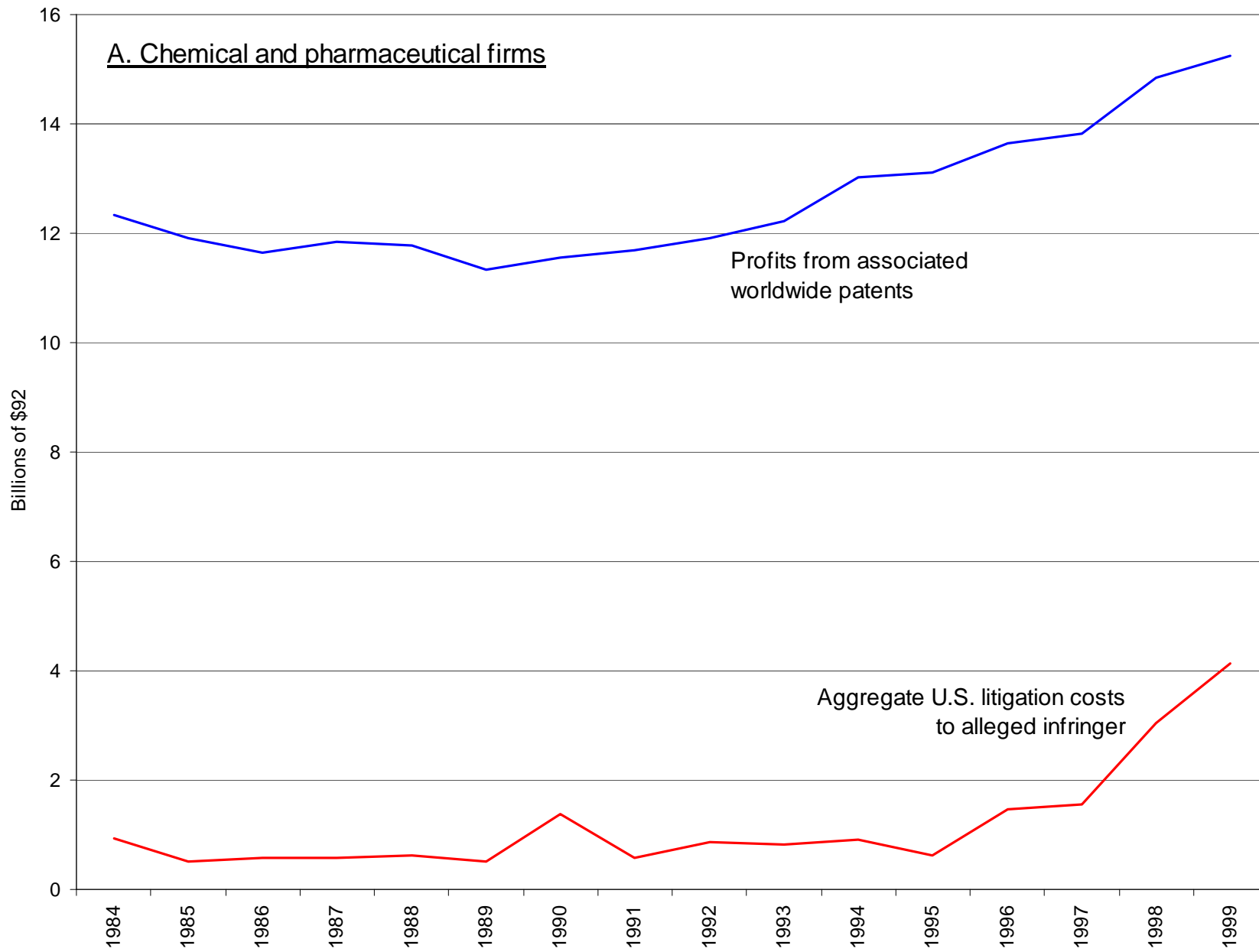
“fuzzy” boundaries => dispute risk

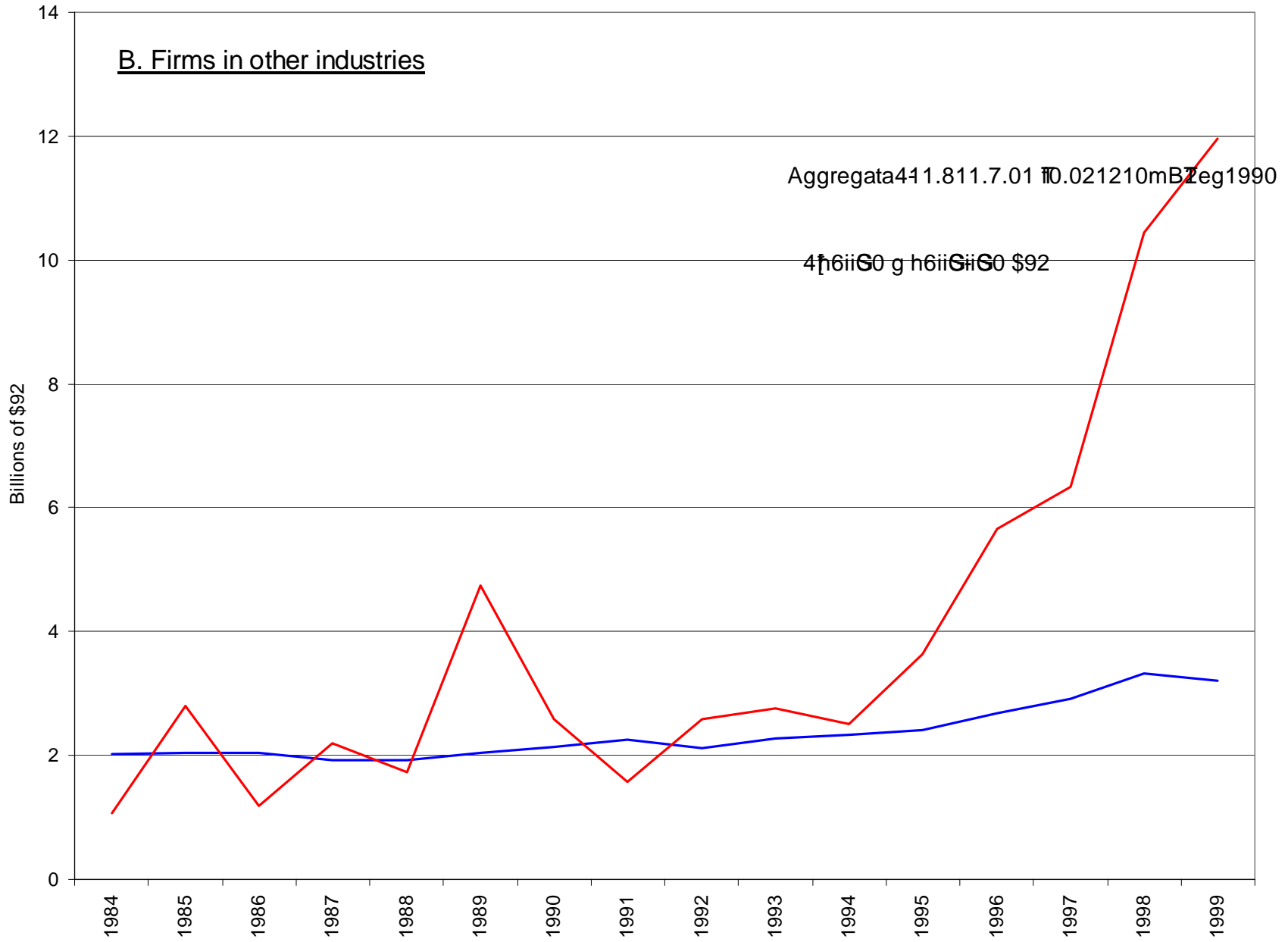
“Notice”

1. Public boundaries
2. Predictable boundaries
3. Possession
4. Low-cost clearance

Patents:

1. Public boundaries
2. Predictable boundaries
3. Possession
4. Low-cost clearance





Seller's price



Buyer's value

Seller's price



Buyer's value – dispute risk

...even *without* patent licensing

...increased risk of *negotiating*

Want to license,
but 40% can't

Median Patent Value

small	\$ 2,900
large	\$14,300

Aggregators, auctions, etc.?

Improving patent notice

Improves technology markets

Improving patent notice

Improves technology markets

