

PATENT TRAP

Richard Ďurana

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INSTITUTE OF ECONOMIC AND SOCIAL STUDIES

FMRS 2017
Bratislava, 28 April 2017

Intellectual Property becomes an issue

Edward C. Prescott, Eric Maskin, Douglas C. North
Tabarrok

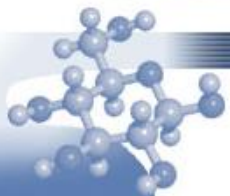


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Research Interests

Synthesis of glycoconjugates based on polysaccharidic antigens isolated from outermost layer of yeasts (*Candida* genus), potential vaccine candidates against candidiasis. Functionalization of neutral polysaccharides and their activation for conjugation with proteins.

INDUSTRIAL PROPERTY OFFICE OF THE SLOVAK REPUBLIC: *Conjugate vaccine active against candida diseases*. Patent submitted by: Institute of Chemistry, Slovak Academy of Sciences. Originators: BYSTRICKÝ, S. - MACHOVÁ, E. - ĎURANA, R. - PAULOVÍČOVÁ, E. Patent Application No.: 218-2004. Filing date: 18.05. 2004.

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Space Recorder



Philanthropy Band



Business Leaders Band



Patent (lat. patere, open) – a property right in inventions, that is, in devices or processes that perform a „useful “ function.

Patent grants the inventor a limited monopoly on the manufacture, use, or sale of the invention.

Patent **does not grant** the patentee the right to ***use*** the patented invention, but the **right to *exclude others*** from practicing the patented invention.

20 years

Natural laws, phenomena, abstract ideas

Do patents foster innovations?

Vast majority of innovations IS NOT patented

Fontana, Nuvolari, Shimizu, Vezzulli (2013):

R&D 100 Awards 1977-2004 (Research and Development)

Conclusion:

Patents are not a driving force for most of innovations

15 fundamental medical and pharmaceutical discoveries and innovations (as selected by medical doctors and medical journals, BMJ, 2003)

TOP 15:

Penicillin, x rays, tissue culture, ether (anaesthetic), **chlorpromazine**, public sanitation, germ theory, evidence based medicine, vaccines, **the pill**, computers, oral rehydration therapy, DNA structure, monoclonal antibody, technology, smoking health risk.

What we were taught at school: technology was invented by god-like geniuses

Steam engine	Watt
Light bulb	Edison
Jet engine	Whittle
Atom bomb	Oppenheimer
Transistor	Shockley

- 1611: 4 different people discovered sunspots
- 1802–1807: 5 people invented the steamboat
- 1835-1850: 6 people conceived of the electric railroad
- 1957: 2 people invented the silicon chip

Light bulb

- Thomas Edison (USA)
- Joseph Swan (England)
- Alexander Lodygin (Russia)
- + 20 others at the time

Theory of evolution

- Charles Darwin
- Alfred Russel Wallace

Theory of special relativity

- Albert Einstein
- Hendrik Lorentz
- Henri Poincaré

Telephone

- Graham Bell
- Elisha Gray

Calculus

- Isaac Newton
- Gottfried Wilhelm Leibniz

Discovery of Neptune

- John Adams
- Urbain Le Verrier

Thermometer	6 inventors
Hypodermic needle	3 inventors
Vaccination	4 inventors
Four-factor formula	6 laboratories
Electric telegraph	5 inventors
p53	4 laboratories
Double helix of DNA	6 laboratories
Photography	4 inventors

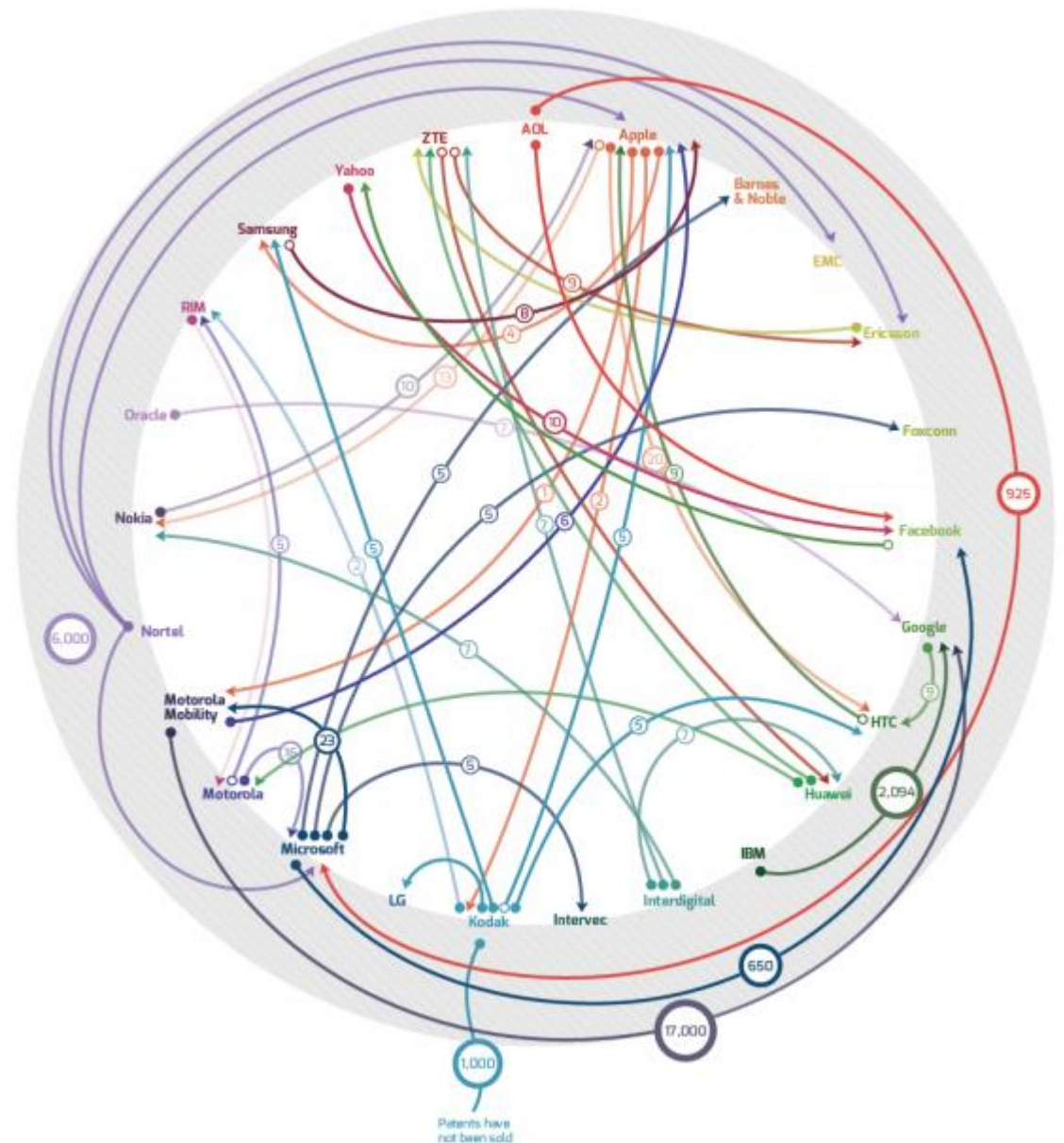
Almost all inventions and discoveries occur to different people simultaneously

Parallel invention is a rule, not the exception

Simultaneous inventions and discoveries mean that patents are fundamentally unfair

THE Patent WARS

THE CONVOLUTED BATTLEFIELD OF TECH IP.



Patent Trolling

Patent trolls want \$1,000—for using scanners

An alphabet soup of patent trolls is threatening end users with lawsuits.

by Joe Mullin - Jan 2 2013, 3:30pm +0100

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240



Aurich Lawson / Thinkstock

When Steven Vicinanza got a letter in the mail earlier this year informing him that he needed to pay \$1,000 per employee for a license to some “distributed computer architecture” patents, he didn’t quite believe it at first. The letter *seemed* to be saying anyone using a modern office scanner to scan documents to e-mail would have to pay—which is to say, just about any

ATTACK OF THE SCANNER PATENTS

“Scan-to-email” patent troll loses its lawsuit against FTC

Notorious ‘scanner troll’ gets no succor from Federal Circuit

Patent Trolling

Non-practicing entity (NPE) / patent holding company

2007-2010: patent lawsuits reduced the capitalization of targeted firms by an estimated \$ 83 billion per year (1/4 R&D)

1990-2010: lawsuits destroyed wealth valued at more than \$500 billion

Defense: up to \$ 2.5 mil.

Patent Hell: Eastern District of Texas



Scarcity!

*Big problem of natural rights approach – **focus on creativity instead of scarcity***

Basic social and ethic function of the property rights – eliminating possible conflicts over scarce resources.

Unlike the material world, using an idea does not exclude others from using the same idea

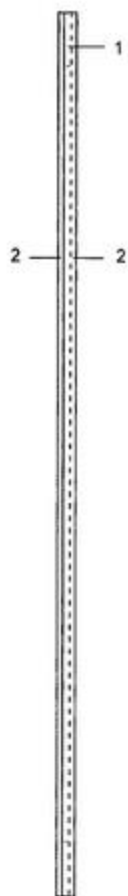
IP creates scarcity where none existed before

Reversed causality: property rights --> scarcity

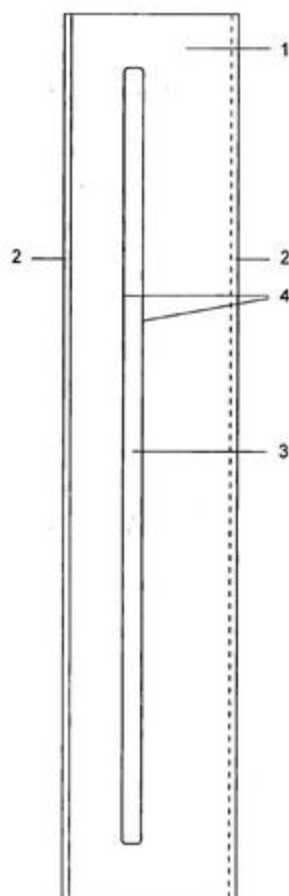
Conclusions

- 1. Vast majority of innovations is not patented**
- 2. Patents do not foster innovations**
- 3. Patents create monopolies**
- 4. Patents are unfair**

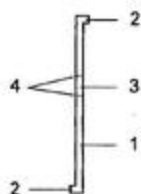
15-02-01



obr. 4



obr. 5



obr. 6

Ruler

Slovak patent issued in 2001
 Patent No.: U 2949
 Pekár Peter

Thank you

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