

Creating Value from Intellectual Property Assets and the Transfer of Technology

WIPO International Seminar on Intellectual
Property and Development

Geneva, May 2 and 3, 2005

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What are intellectual property assets?

- Things you own
 - Patents, copyrights, trademarks, trade secrets, plant breeder rights, rights in data, etc
- Things nobody owns
 - Inventions, works and other knowledge that is in the public domain

When should knowledge become private property?

- When the assignment of property rights in knowledge
 - Promotes social welfare
 - Protects human rights

When should knowledge be open and freely shared?

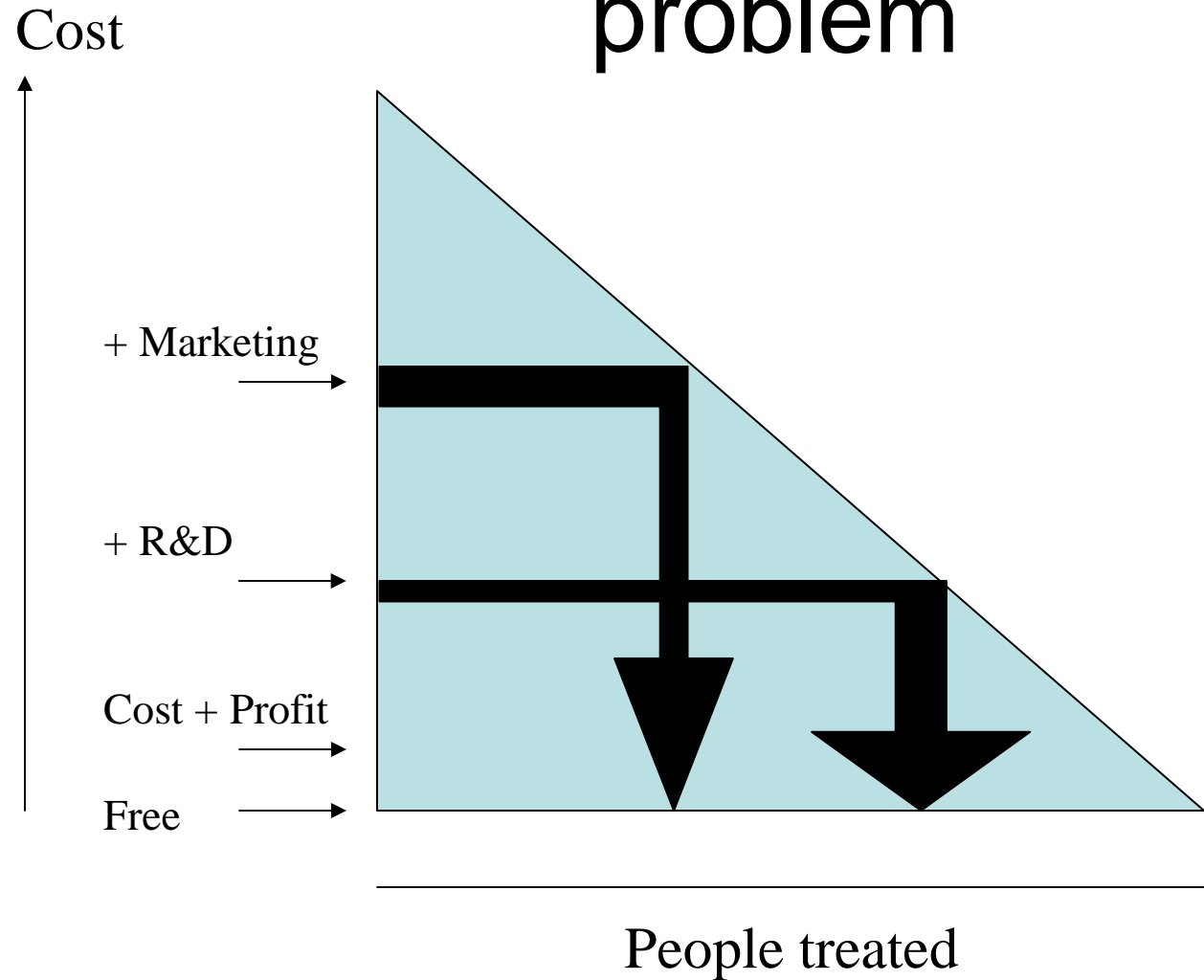
- When placing knowledge into the public domain
 - Promotes social welfare
 - Protects human rights

Private strategies to create value from property rights in knowledge

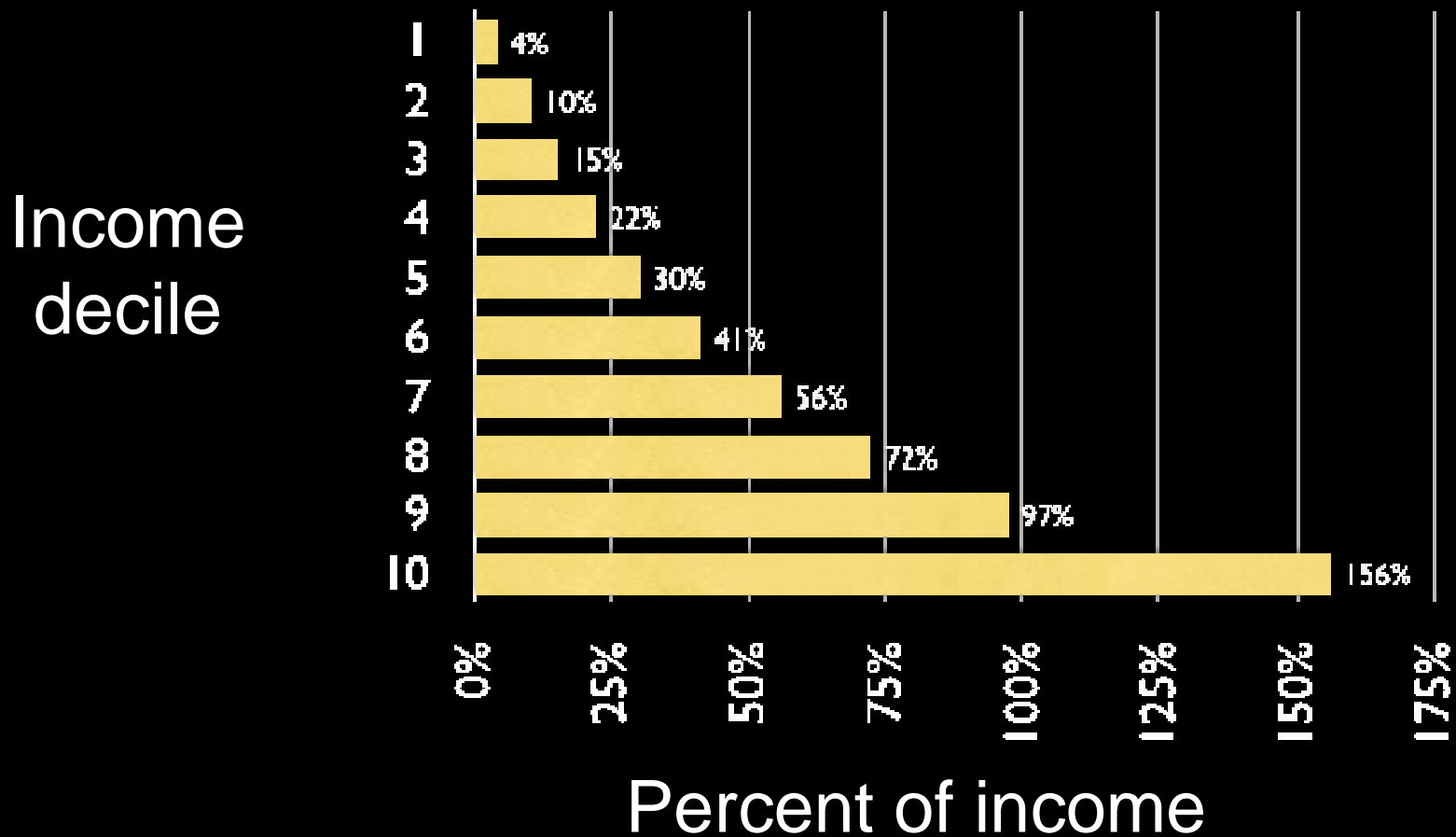
- Restrict access to inventions, works and other knowledge resources, in order to
 - Charge fees
 - Restrict competition
 - Impose private regulations on the use of the data
 - Privacy
 - Restrictions on speech, development of technology, etc
- Protect against misappropriation of a social knowledge asset
 - GPL, Creative Commons share and share alike, IBM licensing of patents for free software, etc

Exclusionary practices that
maximize private rents can
reduce social value of
inventions

Tim Hubbard's demand curve problem



Price of Singulair as a share of per capita income in South Africa



Novartis at the World Bank in 2004

- We consider India to be a market of 50 million

How do we create private
markets to supply private
goods?

Open Access Research Strategies

- Public or privately financed open databases
 - Human Genome Project
 - SNPs consortium
 - HapMap Project (contractual restrictions on misappropriation)
- Open access publishing/archive models
 - User pays
 - Advertiser pays
 - Government pays

Free/Open Source software strategy

- Sharing code creates better software
 - Linus: With enough eyeballs, all bugs are shallow
- Developer prefer to invest in open platforms, not controlled by competitors
- Firms (like IBM) sell services, but do not own code

Government Procurement Strategies for Software

- Buy products that support or use FLOSS
- Insist upon open
 - Interfaces
 - File formats
 - Etc

Standards

- Agreement upon which technology to use is essential for the development of some products
 - Cell phones, DVDs, television, etc.
- Aggressive demands for royalties or anticompetitive practices by parties that control technologies are disincentive to invest in products that rely upon the standard
- Standards bodies seek royalty free or reasonable royalty platforms

The Internet is the most important example of creating value through open standards

- Mechanisms and players
 - IETF
 - World Wide Web Consortium (w3c)
 - Many other projects to promote open standards and free open source software
- Results
 - New business models, creation of enormous private wealth, vastly expanded access to knowledge

Medical Innovation Prize Fund

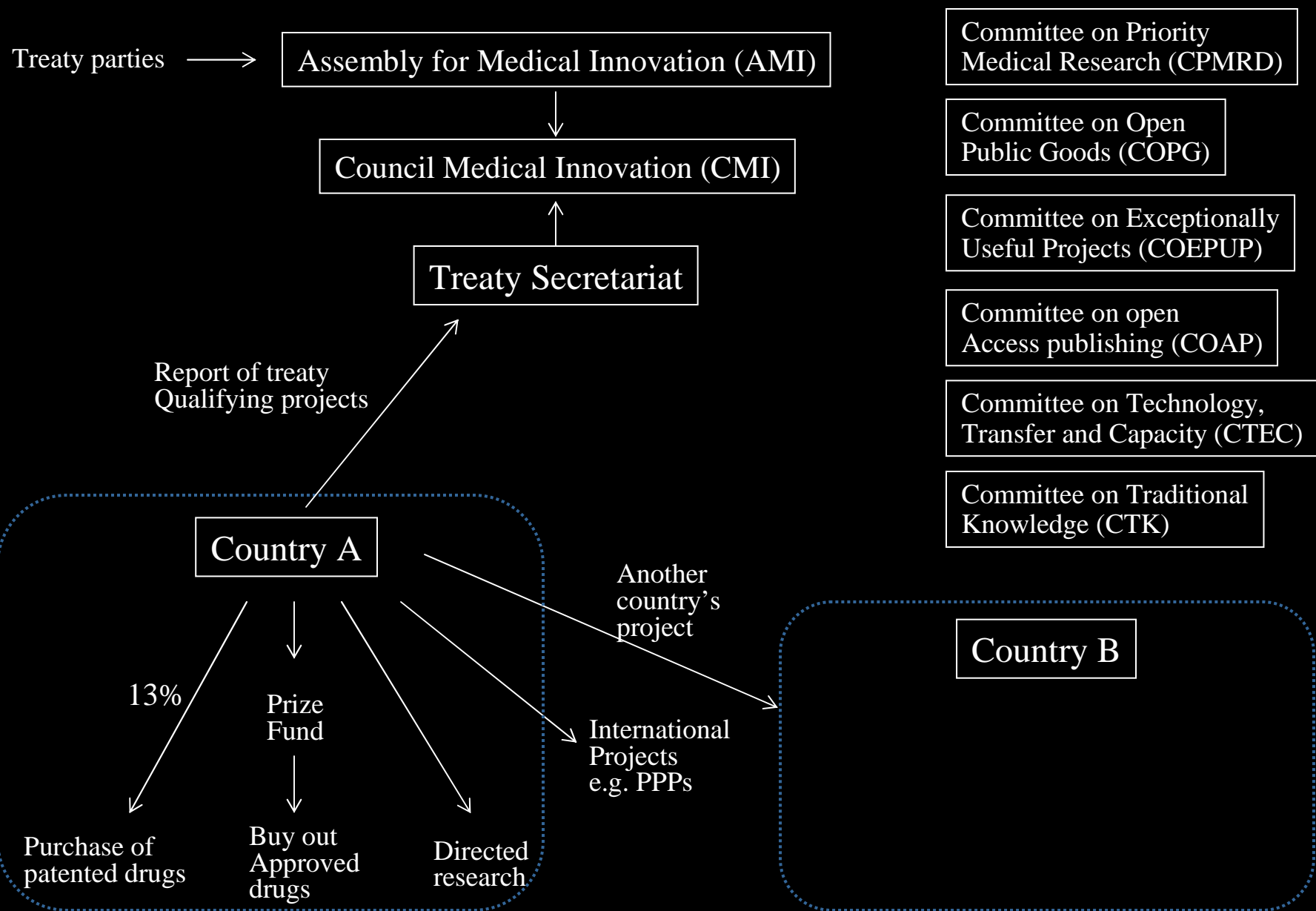
House Resolution 417

- Separate market for product and market for innovation
- New products enter the public domain and are sold as generics at low prices
- Innovators are rewarded from Medical Innovation Prize Fund
 - 10 year pay off
 - Rewards based upon incremental health care benefits

Competitive Intermediaries

- Basics
 - Obligations to pay (employee, employer, etc)
 - Freedom to choose which intermediary manages funds
 - Regulation of intermediaries
 - Transparency, overhead, purposes
- Possible applications
 - Medical research
 - Remuneration for artistic works (Blur/Banff)
 - Distance Education tools
 - Free/Open Source software

Medical R&D Treaty Approach



- New global agreements to support public goods
 - Medical R&D Treaty?
 - Treaty on Access to Knowledge?
 - Instruments to protect open standards?
 - Coordinated procurement strategies to promote use of free/open software
 - Access to government funded research
 - Support for open access publishing models
- Private actions
 - Bodies that develop open standards, sharing of data, pooling of patents, etc