

Contents

1	Introduction	1
1.1	The Patent System	6
1.1.1	Disclosure Requirement	10
1.1.2	Research Exemption	12
1.1.3	Patent Duration	13
1.1.4	Patent Scope	13
1.1.5	Inventive Step	14
1.2	The Economic Analysis of the Propensity to Patent	17
1.2.1	The Decision to Patent in the Light of the Protective Effect	18
1.2.2	The Decision to Patent in the Light of the Disclosure Effect	20
1.3	A New Theoretical Approach to the Propensity to Patent	25
1.4	Empirical Insights on the Propensity to Patent	29
1.5	Outline of the Book	34
2	The Decision to Patent with Vertical Product Differentiation	37
2.1	The Model Setup	38
2.2	Price Competition	40
2.3	Quality Choices	42
2.3.1	Quality Choices if the Invention is Kept Secret	45
2.3.2	Quality Choices if the Invention is Patented	50
2.4	The Patenting Decision	53
2.5	Licensing	57
2.6	Welfare Considerations	63
2.6.1	Welfare with Secrecy	64
2.6.2	Welfare with a Patent	64
2.6.3	Welfare with Licensing	65
2.6.4	Welfare Maximizing Appropriation Choice	65
2.7	Concluding Remarks	67

3	An Empirical Investigation of the Decision to Patent with Vertical Product Differentiation	71
3.1	Hypotheses and Their Empirical Implementation	71
3.2	Sample Definition	74
3.3	Variable Definition	76
3.4	Empirical Results	80
3.5	Concluding Remarks	85
4	The Decision to Patent with Horizontal Product Differentiation	87
4.1	The Model Setup	89
4.2	Price Competition	91
4.3	Market Entry	97
4.4	The Patenting Decision	102
4.5	Licensing	109
4.6	Welfare Considerations	112
4.6.1	Welfare with Secrecy	112
4.6.2	Welfare with a Patent	113
4.6.3	Welfare with Licensing	117
4.6.4	Welfare Maximizing Appropriation Choice	117
4.7	Concluding Remarks	120
5	An Empirical Investigation of the Decision to Patent with Horizontal Product Differentiation	123
5.1	Hypotheses and Their Empirical Implementation	123
5.2	Sample and Variable Definition	126
5.3	Empirical Results	127
5.4	Concluding Remarks	130
6	Summary and Discussion	133
A	Appendix to Chapter 2	143
B	Definition of Industry Dummies	149
C	Appendix to Chapter 4	151
	References	159