Kim and Lee: The opportunites and threats of the patent transfer market driven by government: Empirical evidence on the Korean case - discussion

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Monte Verita Conference
20 June 2007
Setup of paper

- **Data**
  - ONLY 18 firms – affects amount one can learn about firm effects
  - ~11000 patents, 300 on open innov market, ~1100 on govt sponsored market (NTB)
    - But apparently all firms on NTB
    - How many are on the traditional market?

- **Questions of paper:**
  - Which patents are offered for license?
  - Of these, which ones on traditional market, which on govt market?

- **Need a bit more discussion of the differences in the two markets – to clarify our understanding**
  - What does the traditional market include, exactly?
  - Incentives – does the government regulate the form of the license on NTB?
Although analysis is done at patent level, much of the discussion is about firm strategy and some variables are actually firm level rather than patent level (size, portfolio)

I would suggest

- Current estimates need grouped (on firm) standard errors (this makes the model random effects)
- Estimates with fixed firm effects – allows each firm to have its own probability of licensing, and asks how the patents are chosen for licensing within firm
- Compare FE to RE and to results that capture firm effect with size and portfolio, but measure portfolio as a share of size to avoid collinearity problem

Show marginal effects (dF/dX), not coefficients
Results and comments

- **Variables**
  - What does the measure of scope really mean – are claims truly scope?
  - The common meaning of strategic – the use of patent portfolios for non-traditional reasons – not to exclude from one’s own invention but to block others from the field or to defend against suits

- **Results suggest two types of firms:**
  - Smaller licensing oriented, patents central (open mkt)
  - Large firms dumping patents (NTB)
  - Need some tables describing firms (as opposed to patents)

- Is ‘artificial’ the right word for these markets? – they seem perfectly normal to me – list products and post prices and see what the demand is

- Shelf warmers? Is this a real problem? Don’t patents expire? And if there are renewal fees, firms won’t keep patents in force if there is no market for them