

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

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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?

Econometrics



- 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 make 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