



Lecture 4-2

Intellectual Property

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Discuss in groups

- What protections for intellectual property are reasonable?
- What protections for intellectual property are unreasonable?
- What principles should we appeal to in answering these questions?

Intellectual Property Protection

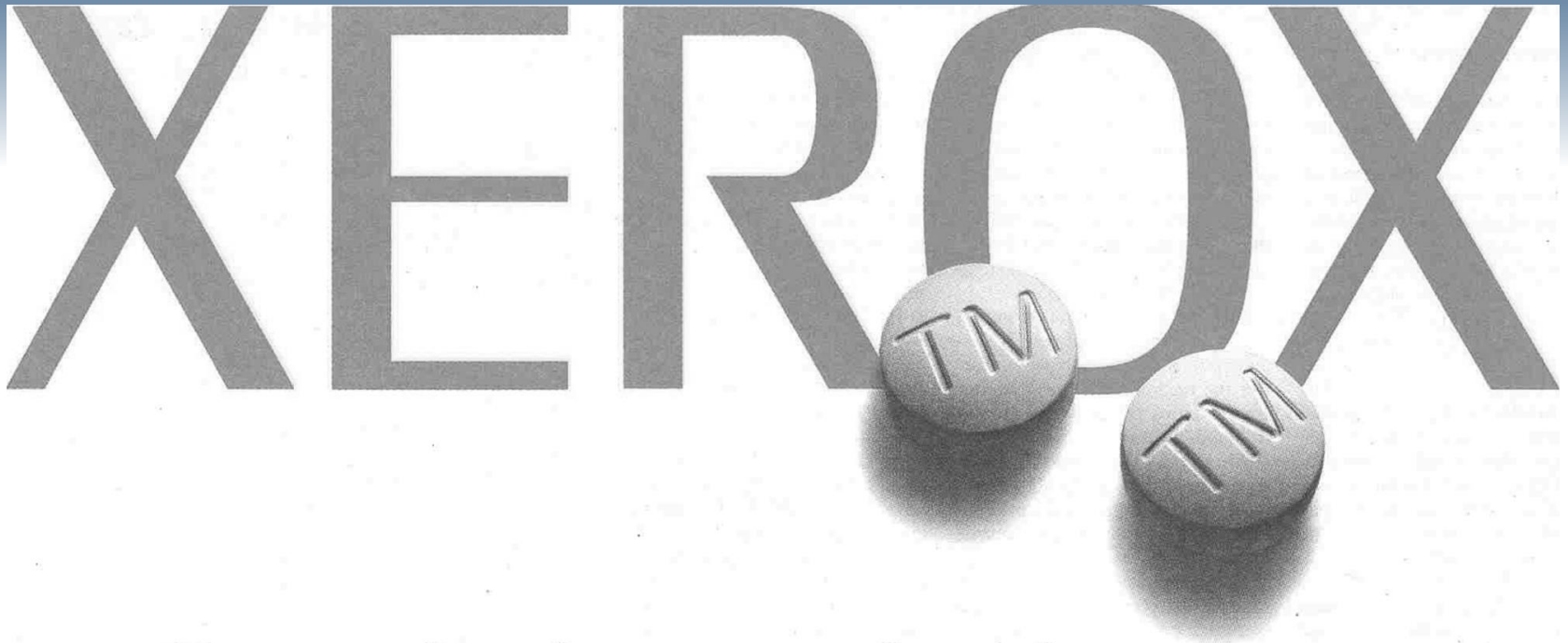
- So, why Intellectual Property Protection?
 - Some people are altruistic; some are not
 - Allure of wealth can be an incentive for speculative work
 - Thus, benefits to intellectual property protection
- But, these rights should come with limits
 - Giving creators rights to their inventions stimulates creativity
 - Society benefits most when inventions in public domain
 - Strike a compromise by giving authors and inventors rights for a limited time
- It might make more sense to call it “intellectual monopoly” rather than “intellectual property”

1. Trade Secret

- Confidential piece of intellectual property that gives company a competitive advantage
- Never expires
- No legal protection
- Reverse engineering allowed
- May be compromised when employees leave firm

2. Trademark, Service Mark

- Trademark: Identifies goods
- Service mark: Identifies services
- Company can establish a “brand name”
- Does not expire
- If brand name becomes common noun, trademark may be lost
- Companies advertise to protect their trademarks
- Companies also protect trademarks by contacting those who misuse them



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There’s a new way to look at it.

Boy, what a headache! And all because some of you may be using our name in a generic manner. Which could cause it to lose its trademark status the way the name “aspirin” did years ago. So when you do use our name, please use it as an

adjective to identify our products and services, e.g., Xerox copiers. Never as a verb: “to Xerox” in place of “to copy,” or as a noun: “Xeroxes” in place of “copies.” Thank you. Now, could you excuse us, we’ve got to lie down for a few minutes.

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3. Patent

- A public document that provides detailed description of invention
- A government office decides whether the invention is novel, non-obvious
- Provides owner with exclusive right to the invention
- Owner can prevent others from making, using, or selling invention for 20 years

Software Patents

- Patent protection began in 1981
- Inventions can be patented, but not algorithms
- Patent Office having a hard time determining prior art
- Result: some bad patents have been issued
 - Amazon One-Click purchasing
 - Apple: squares with rounded corners
- General skepticism about value of software patents
- *Patent trolls: what are they? What do you think?*