

**Economics 4999-005
Mattias Ganslandt
Spring, 2007**

**SYLLABUS
Innovation and Intellectual Property**

Time: 1:00-1:50 MWF
Location: Economics 13
Office: Economics 206C
Hours: Wednesday 10:30-12:00
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Most commentators agree that research is important for economic development and social welfare. Innovations contribute to productivity and consumer surplus. The ability of a society to foster creativity and discovery depends on many conditions. The economic incentive to invest in knowledge is one critical factor.

The aim of this course is to use the toolbox of economics to understand the incentive systems that modern societies have created for innovation – such as intellectual property rights, prizes and grants – and to discuss the efficiency of different alternatives available for an open, competitive market economy.

The purposes of this course are to:

1. Become informed about the law and economics of intellectual property rights,
2. Develop skills to analyze the incentives for innovation,
3. Provide opportunities for analytical writing and oral presentations.

This course is a critical-thinking seminar. You will have the opportunity to write and present your work. I also expect you to do the reading on time, attend class and contribute to the discussion.

Outline:

Week 1 Jan 17-19	The role of institutions	<i>Scotchmer, Ch 1, 8</i> <i>Sampat (2003)</i>
Week 2 Jan 22-26	Investment in research and development – the economics of public goods	<i>Scotchmer, Ch 2</i>
Week 3 Jan 29-Feb 2	The value of R&D and Patents	<i>Scotchmer, Ch 9</i>
Week 4 Feb 5-Feb 9	Intellectual property rights	<i>Scotchmer, Ch 3-4</i> <i>Merges (1999), Posner (2005)</i>
Week 5 Feb 12-Feb 16	Cumulative knowledge – protecting sequential innovators	<i>Scotchmer, Ch 5</i> <i>Gilbert and Katz (2001)</i>
Week 6 Feb 19-Feb 23	Innovation and Competition Policy	<i>Scotchmer, Ch 6</i> <i>Davis (2003)</i>
Week 7 Feb 26-Mar 2	Network effects	<i>Scotchmer, Ch 10</i> <i>Maurer & Scotchmer (2007)</i>
Week 8 Mar 5-Mar 9	Policy memos discussed in class	<i>Mar 5 – Memo 1</i> <i>Mar 7 – Memo 2</i> <i>Mar 9 – Memo 3</i>
Week 9 Mar 12-Mar 16	Policy memos discussed in class	<i>Mar 12 – Memo 4</i> <i>Mar 14 – Memo 5</i> <i>Mar 16 – Memo 6</i>
Week 10 Mar 19-Mar 23	IPRs in the Global Economy	<i>Scotchmer, Ch 10</i> <i>Maskus (2000)</i>
Week 11 Mar 26-Mar 30	Spring break	
Week 12 Apr 2-Apr 6	Presentation of research papers	
Week 13 Apr 9-Apr 13	Presentation of research papers	
Week 14 Apr 16-Apr 20	Presentation of research papers	
Week 15 Apr 23-Apr 27	Presentation of research papers	
Week 16 Apr 30-May 4	Presentation of research papers	

Important dates:

- Jan 15 No class (Martin Luther King, Jr. Holiday)
- Feb 7 Distribution of take-home exam
- Feb 9 Take-home exam due 5pm
- Mar 12-23 Presentations of policy memos
 Memo 1: Business concept patents
 Memo 2: Open Source Software
 Memo 3: The WTO Geographical Indications Dispute
 Memo 4: The Bayh-Dohl Act
 Memo 5: Innovation Markets
 Memo 6: US v. Microsoft
- Mar 26-30 Spring break
- Apr 4-May 2 Presentations of research papers (2 per class)
- May 4 Final thoughts

Grading:

Take-home exam	20 %
Policy memorandum	20 %
Presentation of research paper	20 %
Research paper	30 %
Classroom participation	10 %

Reading list

Main Text: *Innovation and Incentives* (S. Scotchmer, MIT Press)

There is one required main text for this course, which is Suzanne Scotchmer, *Innovation and Incentives* (MIT Press, Paperback, September 2006). This book presents the historical, legal and institutional context in which innovation takes place. The text presents an economic analysis of intellectual property rights and other institutions as incentives for research and discusses a number of policy-relevant topics.

The required text will be supplemented by other readings, which I will put on the course website. Consult the webpage frequently for added materials. You can access it through the Economics department website: <http://www.colorado.edu/economics/>

Additional readings:

Davis, Roland W., *Innovation Markets and Merger Enforcement: Current Practice in Perspective*, *Antitrust Law Journal*, Vol. 71 (2), 2003, p.677-703.

Gilbert, Richard J. and Michael L. Katz, *An Economist's Guide to U.S. v. Microsoft*, *The Journal of Economic Perspectives*, Vol. 15, No. 2. (Spring, 2001), pp. 25-44.

Handler, Michael, *The WTO Geographical Indications Dispute*, *Modern Law Review*, Vol. 69, No. 1, pp. 70-80, January 2006

Maskus, Keith E, *Globalization and the Economics of Intellectual Property Rights*, Chapter 3 in *Intellectual Property Rights in the Global Economy*, IIE, Washington, DC, 2000.

Merges, Robert P., *As Many as Six Impossible Patents Before Breakfast: Property Rights for Business Concepts and Patent System Reform* (September 6, 1999).

Maurer, Stephen and Suzanne Scotchmer, *Open Source Software: The New IP Paradigm*, forthcoming T. Hendershott, *Handbook of Economics and Information Systems*.

Posner, Richard, *Intellectual Property: The Law and Economics Approach*, *Journal of Economic Perspectives*, Volume: 19, Issue: 2, pp 57-73, Summer 2005

Sampat, Bhaven, *Private Parts: Patents and Academic Research in the Twentieth Century*, (Nov, 2003)

Special Note

I am willing to accommodate special needs of students with disabilities and particular needs for religious observations, but please contact me immediately if you have such concerns.

Finally, you should be aware of the honor code and policy for student classroom behavior. The campus policy may be found at <http://www.colorado.edu/policies/>