

Re: Alternative to Invention Patents

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From: Richard Tanzer (mr_reznat__at_yahoo.com)

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royls@telus.net wrote in news:40dc831e.12588350@news.telus.net:

- > ...
- > *I would propose a system of open licensing for intellectual products*
- > *that does away with monopoly privileges altogether, and replaces the*
- > *current clumsy combination of civil and criminal law with,*
- > *effectively, a tax on economic rent, half of which would be remitted*
- > *to the creators of intellectual products according to their market*
- > *value, the other half used to defray administration costs and*
- > *contribute to maintenance of the government and community that make*
- > *creative endeavors profitable.*
- >
- > *Under this system, a creator who wanted to be paid for his work would*
- > *register any new intellectual product with a government office similar*
- > *to the Patent Office by paying the office a user fee of his own*
- > *choosing. On payment of this fee, the office would investigate the*
- > *product to verify its originality, utility, non-obviousness,*
- > *eligibility, etc. If the product passed these tests, the creator*
- > *would be paid back half his fee, and be registered as the originator*
- > *of the product, the office keeping the other half of the fee as a*
- > *service charge. Anyone else who wanted to reproduce the product would*
- > *then have to pay the office the same fee as the creator, to be able to*
- > *produce the product for one year. Again, the registered creator would*
- > *be paid half of all such user fees, and the office would keep half*
- > *(any surplus would be remitted to the government, like tax revenue).*
- > ...
- >

Roy L –

Please help me better understand how your system would work. I'll give you a specific example of an invention for you to explain.

I developed a method of conducting an auction. If I figure my time is worth \$25/hour as an inventor, I already invested about \$3000 in my time, materials, and transportation. I recently applied for a US patent on the invention. I wrote the application and I am prosecuting it myself. Figuring my time as a patent agent is worth \$50/hour, I will invest about

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\$5000 in labor. Additionally, it will probably cost me about \$2000 in patent office fees if I am granted a patent. In total, I will have invested about \$10,000 in direct expenses and labor before I am granted a patent. Of course only about 2/3rds of all patent applications are ever granted patents.

If I understand your proposal, I would have to pay about \$4000 in patent office fees (because I am a "small entity," most of the fees are reduced by 50% relative to large corporations).

Assuming that I am granted a patent on my invention, I will then try to market the invention to E-Bay, Amazon.com, and similar businesses. The nature of the invention is such that it would require a well-entrenched internet business to make a profit off the invention. I'll make a guess that my marketing costs will be about another \$10,000 – this would include developing and printing marketing literature, transportation, demonstrations, etc.

At this point, about 3 years from now, I will have invested about \$20,000 in my invention and not yet have seen any return. It is quite likely that I will not be able to find a buyer for my invention and all I have is one more patent to show for my time and money. On the other hand, let's suppose that I am able to sell Yahoo! or Microsoft or someone else on the invention. Perhaps I'll get \$500,000 (who knows?) for exclusive rights to the invention. O happy day!

The only reason I would be able to sell my invention for \$500,000 is because it would give my customer EXCLUSIVE rights. They can advertise their exclusive auction system that no one else can copy.

Ron, given your proposed system, anyone else could simply pay a few thousand dollars and use my invention. Why would I be motivated to risk a substantial amount of money without a chance for a large payoff?

– Richard