

Economists say copyright and patent laws are killing innovation; hurting economy

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(PhysOrg.com) -- Abolishing patent and copyright laws sounds radical, but two economists at Washington University in St. Louis say it's an idea whose time has come. Michele Boldrin and David K. Levine see innovation as a key to reviving the economy. They believe the current patent/copyright system discourages and prevents inventions from entering the marketplace. The two professors have published their views in a new book, *Against Intellectual Monopoly*, from Cambridge University Press.

"From a public policy view, we'd ideally like to eliminate patent and copyright laws altogether," says Levine, John H. Biggs Distinguished Professor of Economics. "There's plenty of protection for inventors and plenty of protection and opportunities to make money for creators. It's not that we see this as some sort of charitable act that people are going to invent and create things without earning money. Evidence shows very strongly there are lots of ways to make money without patents and copyright."

Levine and Boldrin point to students being sued for 'pirating' music on the internet and AIDS patients in Africa dying because they cannot afford expensive drugs produced by patent holders as examples of the failure of the current system. Boldrin, the Joseph Gibson Hoyt Distinguished Professor in Arts & Sciences and Chair of the economics department says, "Intellectual property is in fact an intellectual monopoly that hinders rather than helps the competitive free market regime that has delivered wealth and innovation to our doorsteps."

The authors argue that license fees, regulations and patents are now so misused that they drive up the cost of creation and slow down the rate of diffusion of new ideas. Levine explains, "Most patents are not acquired by innovators hoping to protect their innovations from competitors in order to get a short term edge over the rest of the market. Most patents are obtained by large corporations who have built portfolios of patents for defense purposes, to prevent other people from suing them over patent violations."

Boldrin and Levine promote a drastic reform of the patent system in their book. They propose the law should be restored to match the intent of the U.S. Constitution which states: Congress may "promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writing and discoveries."

They call on Congress to reverse the burden of the proof on patent seekers by granting patents only to those capable of proving that:

- their invention has social value
- a patent is not likely to block even more valuable innovations
- the innovation would not be cost-effective absent a patent

The authors acknowledge that such drastic reform is unlikely and outline an incremental approach for Congress to gradually reduce the scope of patents, regulation and licensing.

Nevertheless, their call for changing the system is urgent. The economists compare intellectual monopoly (patents) to medieval trade monopolies which were proven to be economically detrimental. They write, "For centuries, the cause of economic progress has identified with

that of free trade. In the decades to come, sustaining economic progress will depend, more and more, on our ability to progressively reduce and eventually eliminate intellectual monopoly."

More information: Professors Boldrin and Levine maintain a blog on this topic: www.Againstmonopoly.org

Provided by Washington University in St. Louis

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