

How firms can appropriate consumer-created intellectual property

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New research from Simon Fraser University's Beedie School of Business reveals that though firms may be tempted to profit from consumer-created modifications to their intellectual property, this is not always advisable – and can in fact backfire.

The paper, CGIP: Managing Consumer-Generated Intellectual Property was co-authored by Beedie researchers Jan H. Kietzmann, Ian McCarthy, and Leyland Pitt, along with Pierre Berthon of Bentley University.

It was published in the Summer 2015 edition of *California Management Review*.

The study examines the phenomenon of "consumer-generated [intellectual property](#)" (CGIP), where [consumers](#) rather than [firms](#) innovate, modify, hack, or in some way alter an organization's proprietary products or services.

The research addresses how firms should deal with the intellectual property their consumers create, and the dilemmas this presents for managers.

It argues that consumers' intellectual property should not be leveraged at the expense of what the researchers call emotional property, defined as: "the emotional investment in or attachment to creations of the heart and mind."

The study cites several real world examples, including that of Hollywood actor Vin Diesel, who was the first Facebook user to reach the million followers milestone.

It notes that this achievement undoubtedly contributed to the network's growth, but that Diesel did not receive any compensation for doing so.

Instead, Facebook contacted him to remind him that all the content he had posted now belonged to them, as per their terms, and to inquire how he had achieved his success.

"Much of the value and intellectual property nowadays lies in information generated by customers, consumers, and users, rather than by firms themselves," says Pitt.

"While a company can capture CGIP, it cannot appropriate or negate the emotional investment that consumers have in their creations."

In choosing to appropriate CGIP, firms run the risk of financial loss or incurring damage to their reputation if not handled correctly.

In order to help firms manage this CGIP, the research integrates the different perspectives firms can hold into a diagnostic framework consisting of eight strategies.

The framework further categorizes the strategies within each stance ranging according to whether it is positive – cultivate, coordinate, cooperate, or capture – or negative – condone, condemn, crush, or copy.

More information: "CGIP: Managing Consumer-Generated Intellectual Property." [beedie.sfu.ca/newsroom/wp-cont ... ann-McCarthy-CMR.pdf](http://beedie.sfu.ca/newsroom/wp-cont...ann-McCarthy-CMR.pdf)

Provided by Simon Fraser University

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