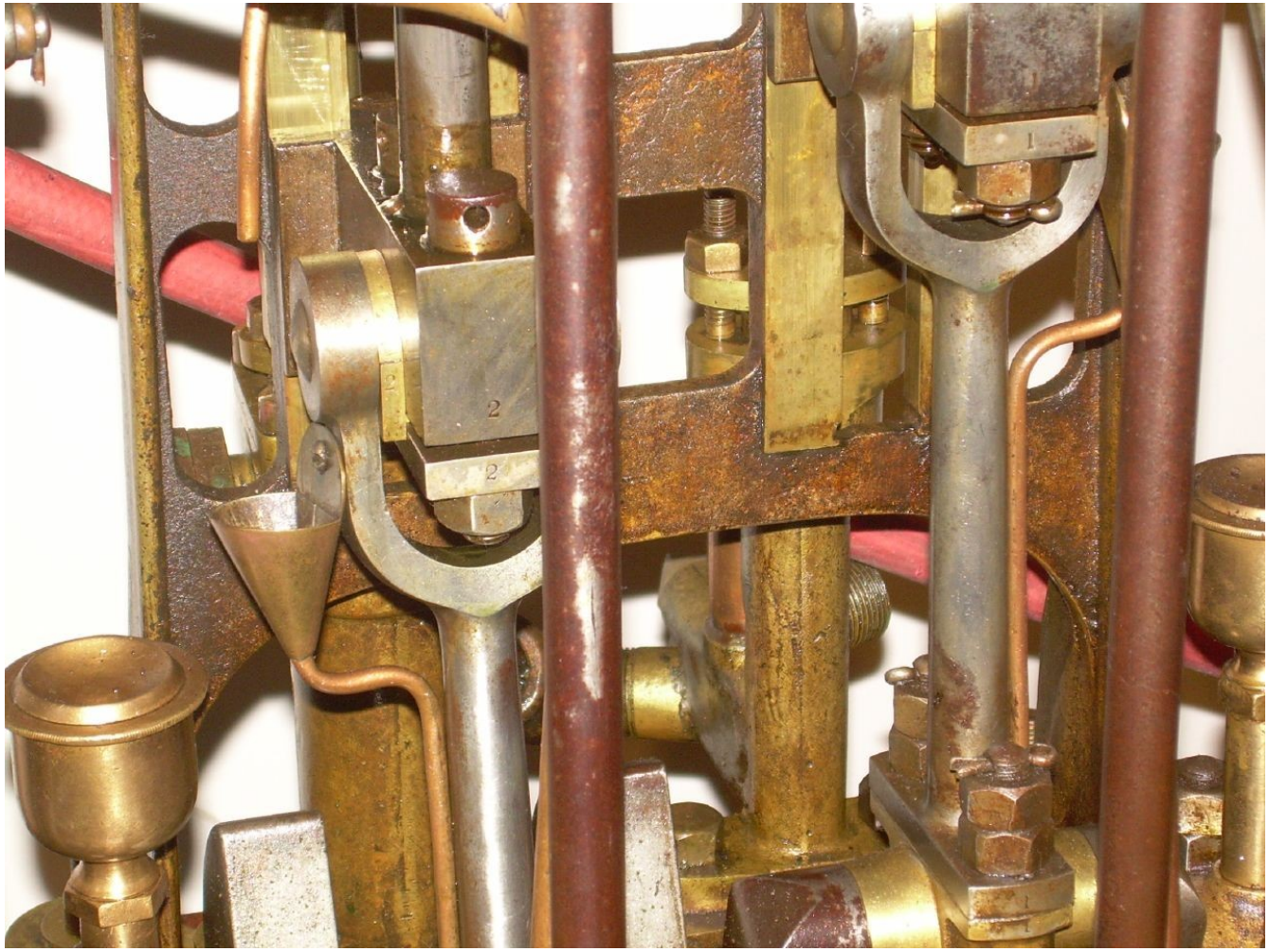

# the patent system

*the patent system*

- a great big complicated steam engine with dripping oil and leaking steam
- we sit around trying to figure out where to put the duct tape
- but: the problem is the engine isn't connected to the propeller
- the evidence shows that patents have a minor effect on rates of innovation
- what evidence is there that minor tinkering with the patent system has any effect on innovation?
- does the duct tape stopping the leak of steam cause the engine to run faster? or does it cause pressure to build up in the boiler?

*the nightmare scenario*

- there is evidence that very strong patent systems can have a very negative effect on innovation
- in fact: patents are widely used to suppress innovation
- Italian pharmaceutical industry
- France/England chemical industry versus German/Swiss
- the reform that might matter: a real independent invention defense

*back to the duct tape:*

- it would be nice if the policy discussion took place in the presence of some relevant empirical evidence
- how prevalent and significant are the problems the reform addresses?
- what have the consequences of these types of reforms been at other times and in other places?

*the details:*

- payment proportional to contribution - not at all popular with inventors, but hard to think of any economic rationale for doing it differently
- first to file - seems to favor big over little; no evidence that first to file works better; seems more conducive to innovation suppression
- easier to challenge patents - seems a strange way to tighten the issuance of patents; why not improve the examining system; this was done in the 19th century, and that is one of the few patent tinkering cases that has been documented to have had some beneficial effects