

## The Patent-Antitrust Conflict: A Re-mailAssessment

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KeyWords:patent policy, antitrust policy, collusion, urn-ball models, random matching

### ABSTRACT

It has been commonly thought that there is an inherent tension between antitrust and patent laws. In this paper we argue that the tension is exaggerated, since patent system makes it more difficult to sustain collusion among innovators. We build a dynamic model of innovation where agents find ideas according to the urn-ball process familiar from the literature on random matching and directed search. A key feature of such a model is that multiple innovators may come up with the same idea. We analyze the innovators' possibilities to collude with and without the patent system. Because under the patent system one innovator is awarded by monopoly rights for several periods, patenting increases the incentive to deviate from collusion. It turns out that for a wide range of parameter values, the collusion becomes impossible under the patent system. As the innovators in our model can over time find several innovations, we also study multimarket collusion.