Exit, Voice, and Intellectual Property

Shubha Ghosh
Professor, University of Wisconsin Law School
Madison, WI

The relationship between intellectual property and competition policy is a long standing conundrum. The author makes the argument that research on this conundrum has focused too heavily on price competition, ignoring nonprice competition. In developing a theory of nonprice competition, the author turns to an important approach to competition along nonprice dimensions: Albert Hirschman's *Exit, Voice, and Loyalty*. The exposition of the presentation is as follows. Presenting an argument for why nonprice competition is critical, the paper then turns to ways in which intellectual property relates to exit and voice. The author shows that intellectual property can serve to limit both of these methods of competition while promoting loyalty. Trade secret and trademark law provide the primary examples of the way in which loyalty is promoted at the expense of exit and voice. After some brief considerations of how patent and copyright fit into the scheme of exit, voice, and loyalty, the paper ends with policy implications for intellectual property of the famous Hirschman framework.

Biography: At the University of Wisconsin Law School, I am the George Young Bascom Professor of Business Law and a Vilas Research Fellow & Associate Director for the Institute for Transformational Entrepreneurship (INSITE).

Email: ghosh7@wisc.edu