Introduction: Adventures in Market-Making

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Two main themes

• Asset definition

• Asset legitimacy
Asset definition

• In a market, what assets are traded? How is their value established?
“The market for patents”

• There is a complex relationship between (1) tangible assets, (2) information, and (3) IP rights

• Markets for these three things interact in important ways
New Research on IP and “Markets for Technology”

Asset definition: patents

• What is the proper unit of analysis?
  – Individual patent or portfolio?

• Will some standard “bundles” emerge?
Standard measures are essential to market-making.
Valuation

• Rankings, ratings, and common denominators
  • “Moody’s ratings”
  • Square footage in real estate
Transparency

• Should the prices of patent transactions be made public?
  – Benefits: comparability
  – Costs: would this affect settlement of infringement suits?
Two main themes

- Asset definition
- Asset legitimacy
Now for something completely scary

...
Society determines which transactions are legitimate, and which are not

- The existence of a market does not, by itself, confer legitimacy
BLACK MARKETS
The Supply and Demand of Body Parts
Michele Goodman

ILICIT
Moises Naim

NOT FOR SALE
The Return of the Global Slave Trade—and How We Can Fight It
David Batstone

BLACKMAIL

BFI FILM
CLASSICS
Protection rackets: Russian “krysha”
“The market for patents”

- There is a complex relationship between (1) tangible assets, (2) information, and (3) IP rights

- Market for patents should serve to facilitate production of information and/or tangible assets
• Must show that an active market in patents promotes technological innovation

- **Patents in service of innovative information/products**
How can this be shown?

• “Follow the money” – are startups seeing any money from these patents?

• Spinoffs: are portfolios being licensed in to help found new companies?