



IMPACT OF PATENT AND COPYRIGHT

Eshmuratova Iroda Shuxrat qizi

Gulistan State University

<https://doi.org/10.5281/zenodo.15051581>

Аннотация: В этой статье мы видим, что патенты и авторские права могут стать эффективным способом монетизации интеллектуальной собственности для предприятий. Получив патент или авторское право, компании могут лицензировать свою продукцию или работу другим предприятиям, что позволяет им получать доход от своих творений. Кроме того, компании могут использовать патенты и авторские права для создания конкурентного преимущества перед своими конкурентами. Давайте рассмотрим несколько шагов, чтобы понять, как это работает.

Ключевые слова: Патентование, конкуренция, лицензирование, интеллектуальная собственность, монопольная власть, дисконтирование, инновации, маржа, конкурентный рынок.

Abstract: In this article, we will see how patents and copyrights can be an effective way for businesses to monetize intellectual property. By obtaining a patent or copyright, companies can license their products or work to other businesses, allowing them to earn a profit from their creations. In addition, companies can use patents and copyrights to create a competitive advantage over their competitors. And we will look at several steps to understand how this works.

Keywords: Patenting, competition, licensing, intellectual property, monopoly power, discounting, innovation, margin, competitive market.

The dual nature of patents and copyrights illustrates the delicate balance required in intellectual property law. Patents encourage the application of inventions and encourage investment in research and development, but their misuse can lead to monopolies and create competition. Similarly, copyrights aim to protect the rights of creators while ensuring that artistic and literary works contribute to the cultural and intellectual heritage that is accessible to the public.

If antitrust authorities force newspapers, software developers, and pharmaceutical companies to sell at marginal cost, these firms will not earn enough to justify their initial investment. Instead, such firms are allowed to sell at a price above marginal cost. In addition, the government actively grants monopoly power. It does this through legal protections for inventions and newly created works known as patents and copyrights.

Intellectual property rights include laws and regulations aimed at protecting intellectual creations, ranging from inventions, literary and artistic works, to symbols, names, and images used in commerce. Intellectual property rights are important in granting creators and inventors exclusive rights to their creations for a certain period of time, and incentivizing investment in innovation and research and development.

Main part and results

To understand how patents and copyrights work, we can think of a firm that is considering innovation—whether to introduce a new product or a new means of production to the market. The firm's decision involves several steps:

- innovation (innovator introduces a product and obtains a patent)
- monopoly (patent protection expires and innovator enters a competitive market)
- competition

Our main goal is to evaluate the innovative decision first, but to do this, we need to start at the end of the above steps and work backwards, meaning we start learning from the final step.

Final stage: Competition. When a firm's patent expires, other firms can produce a similar or identical product. The firm then operates in a competitive market and can no longer expect to gain any advantage from its innovation. When a patent for a pharmaceutical product expires, for example, other companies can step in and produce chemically identical copies of the product, known as generics.



In a competitive market, we expect the price of the product to fall until it equals marginal cost. Therefore, the innovative firm does not expect to make very large profits at this stage, that is, we can simply imagine a firm that does not make any profit at all. Although there may be some advantages to being the original manufacturer of the product, any excess profits that remain after the patent expires are unlikely to be significant. More precisely, the firm will earn no more than the "normal" level of profit that it would earn from any other activity. Such normal profits do not provide any benefit to justify the original innovation, so we can ignore them.

Middle stage: patent protection. If an innovative firm plans to make a profit to justify the costs of developing its product, this profit must be in the middle stage, when the firm has patent protection. At this stage, the firm has monopoly power because of the patent. We know how the firm behaves in this situation.

- It shapes production at a level where marginal revenue equals marginal cost;
- It sets a price equal to what the market is willing to pay for that level of production.

Since the monopolist makes a profit during each period of patent protection, we add these profits together. We do this using the discounted present value tool. This calculation takes into account that money earned in the future is worth less than money earned today when the interest rate is positive. Thus, the correct measure of profit at this stage is the discounted present value of the amount of profit earned during the patent protection period. Factors that increase the discounted value of a firm's profit include:

- Lower marginal costs
- More inelastic demand
- More years of patent protection
- Lower interest rates

First stage: innovation. Think again about a pharmaceutical company. Such companies spend a lot of money on the research and development stages of new pharmaceutical compounds. This happens in the first stage. Once the product is on the market, the production costs fall and the company's profits are not affected in the second stage. The same point applies to the production of a music CD. The costs of producing, marketing, and distributing a typical CD are about \$500,000. At least \$100,000 of this is production costs.

What we have overlooked in this discussion is that the benefits of research and development are often uncertain. Many promising pharmaceutical compounds turn out to be ineffective or have unacceptable side effects in subsequent trials. A band writing a new song cannot be sure whether it will sell hundreds, thousands, or millions of copies. The decision to innovate or not must be based on the company's best estimate of the expected value of its benefits.

Conclusion

It highlights the critical role of the complex relationship between intellectual property rights, innovation, and economic growth in shaping the future of the global economy and industry. This comprehensive study, which adheres to the principles of expertise, authority, and credibility, provides valuable insights into the complex dynamics of intellectual property rights and their crucial role in creating an environment



conducive to innovation and economic development. Through careful analysis and strategic policy formulation, intellectual property rights can continue to serve as a key enabler of technological progress and economic prosperity, benefiting creators, industries, and societies around the world.

Patents and copyrights protect innovators from competition, so that innovation can flourish. While the patent system provides protection, it also creates market distortions by granting monopoly power.

The patent system must be designed to balance the incentives for innovation with the losses that arise from these distortions. Once innovations are implemented, governments may be tempted to remove patent protection to prevent market distortions. This is a commitment problem for governments. Governments know that if they remove patent protection from firms that have innovated, it will greatly damage incentives for future innovation.

References:

1. Ronald D. Kay, William M. Edwards, Patricia A. Duffy. Farm management. Eighth edition. – USA: Texas and M Universitu, 2016. – 466 p.
2. Agrobiznes: uchebno-metodicheskoye posobiye / E. A. Petro-vich, L.P. Lazarev, Ye.L. Demitrichenko. – Gorki: BGSXA, 2013. – 234 s
3. Agricultural economics and management. Textbook / G.A.Samatov, I.B.Rustamova, U.A.Sheripbayeva. - T.: 2012. - 346 p.
4. Galimova F.R., Dekhkanova N.S., Narinbayeva G.K. Management in agriculture. Textbook. - T.: TDAU, 2020. - 280 p.
5. Kasimova D.S. Management theory: a study guide. - T.: TDIU, 2009. - 208 p.
6. Meskon M.X., Albert M., Xedouri F. Osnovy menedjmenta: per. s angl. – M.: Delo, 2008. – 702 s.
7. https://saylordotorg.github.io/text_microeconomics-theory-through-applications/s18-02-patents-and-copyright.html

