



You are cordially invited to

UCLouvain Economics Seminar

On **Thursday May 11, 2017**, from **12:45 to 14:00**
Doyen 22, Place des Doyens, 1

Gerard Llobet
(CEMFI, Madrid)

Will give a presentation on

The Inverse Cournot Effect in Royalty Negotiations with Complementary Patents

Abstract: It has been argued that the licensing of complementary patents leads to excessively large royalties due to the well-known royalty-stacking effect. This paper shows that considering patent litigation and heterogeneity in portfolio size may lead to the opposite result due to a moderating force that we denote the Inverse Cournot effect. The lower the total royalty that a downstream producer pays, the lower the royalty that those patent holders restricted by the threat of litigation of downstream producers can charge. Interestingly, this effect is less relevant when all patent portfolios are weak, making royalty stacking more important.

(Joint paper with Jorge Padilla (Compass Lexecon)

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