

Seminar

“Competition in Standard Setting with Network Effects”

(in English)



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Date: 27 March 2018 (Tuesday)

Time: 4:00pm – 5:30pm

Venue: WYL314, Dorothy Y. L. Wong Building

Abstract: Many products are based on technology standards that require the use of patents. This paper studies the design of competing standards in industries with positive network effects where the network can be either industry-wide when standards are compatible (e.g., mobile phone standards) or standard-specific when standards are incompatible (e.g., video game consoles). In a three-stage model, standard setting organizations first choose how many patent holders to certify and patent holders then set royalties for using their own patents. I find that competing standards have incentives to soften the price competition among them through fragmenting patent rights. Nevertheless, the degree of fragmentation is lessened when competition becomes more intense. Moreover, compatibility and network effects among standards also affect the incentives to fragment patent rights. These results provide alternative explanations to as why standards in many high-technology industries adopt highly fragmented patent rights structure.

Biography: Xiao Fu is Assistant Professor of Industrial Economics at Fudan University, Management school. His research interests are Industrial Organization, Antitrust Economics and Competition Policy and Chinese Economy.

All Are Welcome

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