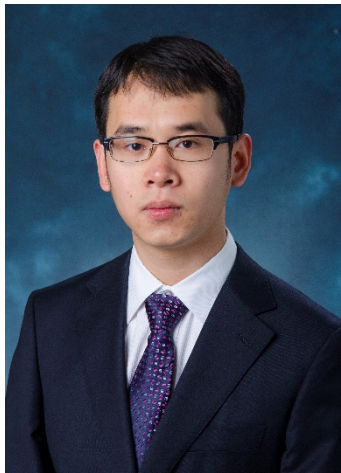


*Seminar*

**“Pay-for-Delay Patent Settlement, Generic Entry  
and Welfare”**

*(in English)*



**Dr. DING Yucheng**  
**Assistant Professor**  
**School of Economics and Management**  
**Wuhan University**

**Date: 29 December 2017 (Friday)**

**Time: 10:00am – 11:30am**

**Venue: WYL314, Dorothy Y. L. Wong Building**

**Abstract:** “Pay-for-delay” settlement (P4D), in which the brand patentee reversely pays the generic infringer to delay market entry, has usually been criticized for blocking competition but is often excused for its potential to increase innovation. We establish a game-theoretical model to show that when the generic's entry decision is endogenized, results are in stark contrast to the conventional wisdom surrounding P4D. First, P4D can actually increase competition under certain conditions. Second, allowing P4D may reduce the brand's profit and even hurt its initial incentive to innovate. Moreover, both competition and innovation incentives may rise with the permission of P4D, rendering the traditional tradeoff non-existent. We also identify the conditions under which P4D would improve consumer surplus, providing a new insight into the optimal ruling on the legality of patent settlements with reverse payment.

**Biography:** Dr. Ding Yucheng is an assistant professor at Wuhan University, School of Economics and Management. His research interests are Industrial Organization and Microeconomics. His current research focuses on Economics of Innovation, Consumer Search and Counterfeit Competition.

**All Are Welcome**

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