

# [Patents provide competitive advantage for kodak](https://assignbuster.com/patents-provide-competitive-advantage-for-kodak/)

Essay Patents Provide Competitive Advantage for Kodak Why are companies such as Kodak awarded patents to protect their exclusive use of technology?
Patent are sources of competitive advantage for a company like Kodak over their rivals; thus, by awarding these companies patents to protect their exclusive use of technology can contribute significantly to their profitability and sustainability. In fact, Kodak has made various inventions over the years; thus, this makes a good reason for awarding the company a patent in order to protect their invention from being copied by their competitors. In this case, a company, which decides to copy any of these technologies, can be infringing the patents of Kodak; hence, they are liable to be charged in a court of law. Therefore, these companies are given a chance to create a form of temporary monopoly on their products, and through this way, they are able to make profits. In addition, they are able to encourage innovators in the company to develop more products.
2. Why does Kodak have to sue companies that infringe on its patent?
Once a company infringes Kodak’s patents is liable to be charged in a court of law, and through this way Kodak can receive settlement money. For example, there were cases where Kodak had sued Samsung and LG, and they compensated them $550 and $400 million respectively. Moreover, the company acquires negotiated licensing deals concerning the patents. On the other hand, the company able to reduce chances of other companies infringing their patents and this can facilitate full utilization of their patents. In fact, due to the high amounts of money charged in courts for settlement, this can be a source of discouragement for other companies to infringe the Kodak’s patents. Therefore, the company operates in a market without competition that can affect their pricing strategy, which can lead to low income. In fact, a company like Kodak is willing to go to the extent of suing companies that infringe the patents in order to protect the favorable business environment provided by these patents.
3. What can Kodak do to make profit most of before their patents expire?
After the patent has expired, any company is given the freedom to copy the technology; thus, Kodak maximizes their profit out of the patents before they expire. However, in order to achieve this, ensures that the patent is generating substantial money as a source of intellectual property income. Therefore, Kodak is able generate a lot of income from the intellectual property by establishing a large catalogue and ensuring that their shares do not fall. Moreover, increasing the catalogue and using substantial marketing strategies they are able to make high volumes of sales that can generate high profit margins. The patents offer a form of temporary monopoly for the company; thus, they are able to set prices in a way that generates high profits before the patent expires. In addition, they ensure that their large catalogue is not increasing their expenses in a way that reduces their profit margins. In this case, Kodak reaps high profits from these patents before they expire.