

# Patents and copyrights

[Literature](#), [Russian Literature](#)



Patents and Copyrights Copyright and patent protection encourages innovations by individuals and companies alike. This is because they are able to recover production and development cost they may have incurred. In the absence of these intellectual property laws, there would be fewer innovations since those individuals would not recoup their money (Mankiw, 2011).

For example, if a company like Google develops a new software and it does not obtain a patent for it, other companies may exploit Google by selling the software and profiting from it. In this case, Google will lose money since it would not have market power. In such a society, innovation would be stifled. In the scenario mentioned above, if Google obtained a patent for their new software, they may have market power and that may enable them to charge high prices for the software. However, Google may not charge whatever they want even though market power gives them the ability to set the prices. The seller will set the price in relation to the demand curve because if the price is set too high, a downward-sloping demand curve is imminent, hence a decrease in demand (Richard , 2012).

In conclusion, the existence of a patent prevents others from producing and selling the patented product. It is on these grounds that a patent is considered a monopoly privilege granted by the government. Additionally, the monopoly grant has a prima facie impact on trade, because the monopoly conferred by the patent is the right to exclude others from manufacturing or selling the patented product. On the other hand, copyright is not a right to the exclusive use of a fact, an idea, or a combination, which by the natural law of property all are free to use; but only to the labor

expended in the thing itself (Journal of Libertarian Studies, 2001).

#### References

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