
APS1012 Management of Innovation – Final Team Projects, Fall 2011**Patent Law in Innovation Projects**

There are a number of different systems for innovation management including patent law, open source, trade secrecy, and state-controlled innovation. An examination was carried out to determine which system is most successful at stimulating innovation.

The patent system is currently the main method of innovation management. It is widely adopted by many governing bodies to stimulate and protect their industries, however some major problems are present within the current system. This is especially apparent today with the prevalence of large and costly legal challenges and a slow decline in innovation in many of western countries. Although governing bodies have constantly tried to address these problems with different patent reform acts, the situation does not seem to be improving. Even within academic circles, general approaches to reform differ significantly between experts; the only clear consensus is that problems exist within the current patent system that must be addressed. Through analysis of the patent system as it compares to other systems for managing innovation, alternative methodologies may be identified that overcome the failings inherent to the current patent system.

Success conditions, or how successful a system is at achieving its set aims, are determined by a metric with four criteria: Quality of life, economic advantage, advancement of knowledge, and innovation velocity (i.e. the frequency and quantity of innovations generated). Each of the innovation management systems is ranked by this metric using case studies and published studies. Through detailed analysis and the use of this metric, it was established that the patent system remains the most viable way to foster innovation; while patent law may not have been the best within each category, it achieved the highest overall rating. A sensitivity analysis was conducted by varying the weighting of economic and social value as it was felt that the results might better reflect the specific political agendas of different public policy makers. In these scenarios, the patent system still managed to rank the best. It still must be noted that the current patent system is not ideal and there are issues of methodology and implementation to address.

Using the strength of the alternative systems, recommendations are developed to repair and improve the current patent system. One such suggestion is to lower the cost and time for patent applications so the system can include smaller and more rapid innovation. Another suggestion is to decrease the period of granted monopoly so innovations can be more efficiently distributed and utilized by the public as in the case of open source work. The situation can further be improved by widening the definition of monopoly abuse in the legislations to prevent wasted social resources. Implementation of these recommendations would address many of the problems currently faced in innovation management.