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Research Abstract

Reputations in Patent litigation (Job Market Paper)

This paper explores reputation's impact on entry dynamics when a single patent holder faces a sequence of potential infringers. A patent holder must expend effort to successfully extract awards from infringers. The value of these awards may depend on private information held by the patent holder. Therefore, the outcomes of patent holder-infringer interaction may transmit important information to other potential infringers. "Tough" patent holders expect relatively large awards and may benefit from a reputation of weakness. "Weak" patent holders expect relatively small awards and may benefit from a reputation of toughness. As a result, complete information disclosure during litigation outcomes may reduce the expected profits of all patent holders by limiting their ability to use reputation to their advantage. At the same time information disclosure may also reduce expected amount of entry by other firms that produce complimentary innovations. Therefore, we conclude that incomplete information disclosure requirements may best serve the aims of patent policy by protecting the profits of patent holders and encouraging the development of complimentary innovations.

Minimum Advertised Price: Marketing Your Product to Large Retailers (Working Paper)

This paper explores manufacturers increased use of minimum advertised price (MAP). Many studies conclude that MAP is used to price discriminate. Others conclude that MAP is used to protect the sales of small retailers that provide better service at higher costs. We find that there exists a strong incentive for manufacturers to use MAP to compete with other substitutes for shelf space in large retail stores. A product that uses MAP will generate more profit for a large retailer than an identical product that does not by preventing competitors from undercutting the large retailer. Furthermore, when large retailers offer price protections, MAP prevents deep discounters from forcing large retailers to sell at price below their marginal cost. We conclude that MAP policy awards pricing power to the large retailers and reduces consumer surplus. For this reason, MAP may be viewed as an anti-competitive strategy implemented by manufacturers on behalf of large retailers