Stable Profit Sharing in Patent Licensing: General Bargaining Outcomes

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Abstract

In a generalized framework of oligopolistic markets, we study how many potential licensees an external licensor of a patented innovation should negotiate with on the license issue and how much profit sharing the licensor can gain through the negotiation, from a viewpoint of the stability of coalition structures. The core with coalition structure is empty, unless the grand coalition forms under some condition. The bargaining set with coalition structure is a singleton, if the number of licensees optimal for the licensor is larger than that of non-licensees. The bargaining set coincides with the core, if the core is nonempty.

Keywords : licensing, oligopolistic markets, stable profit sharing,
            bargaining set with coalition structure, core

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