

MBUS 3000

LECTURE 4

THEORY OF PUBLIC GOODS

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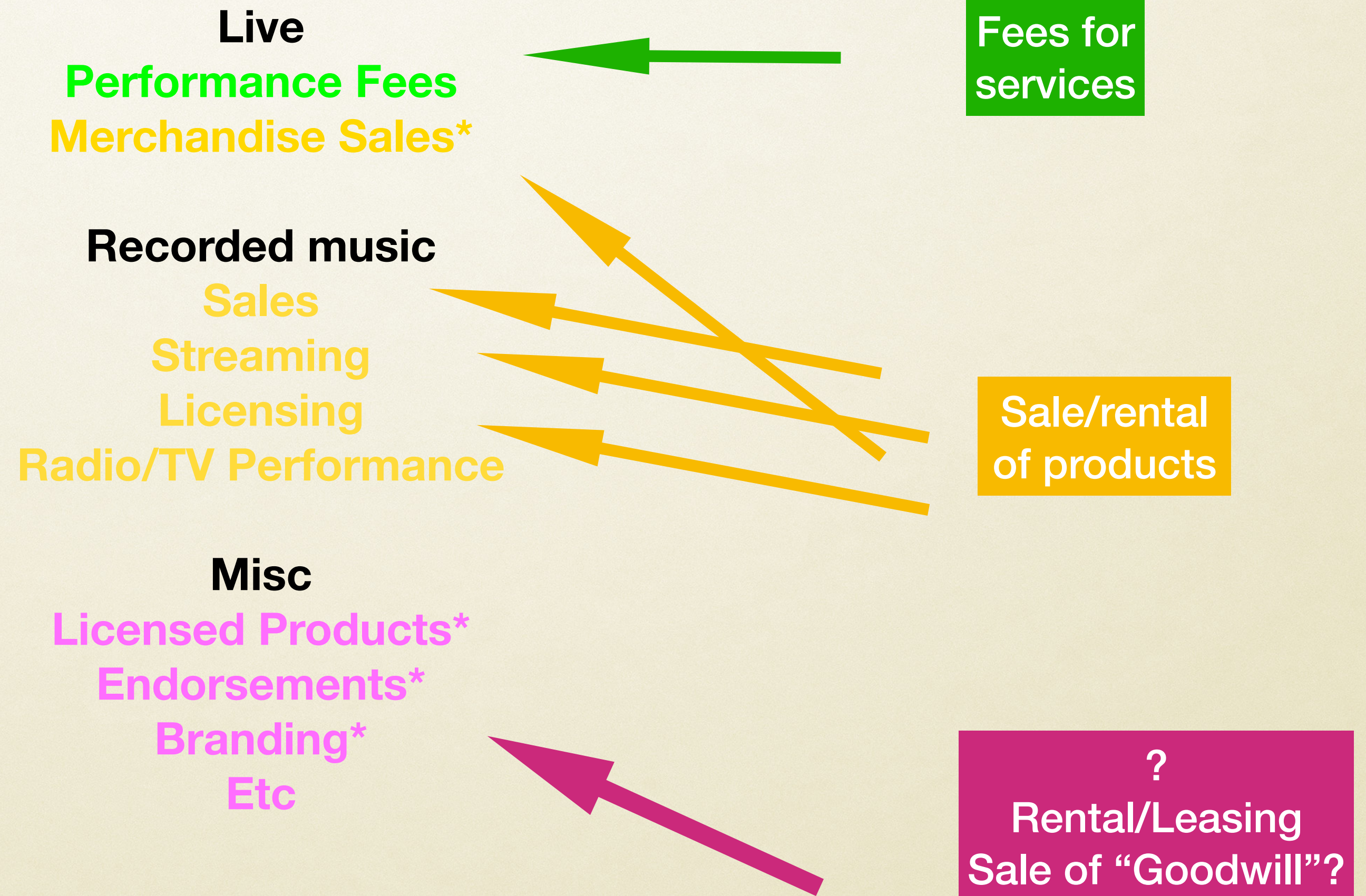
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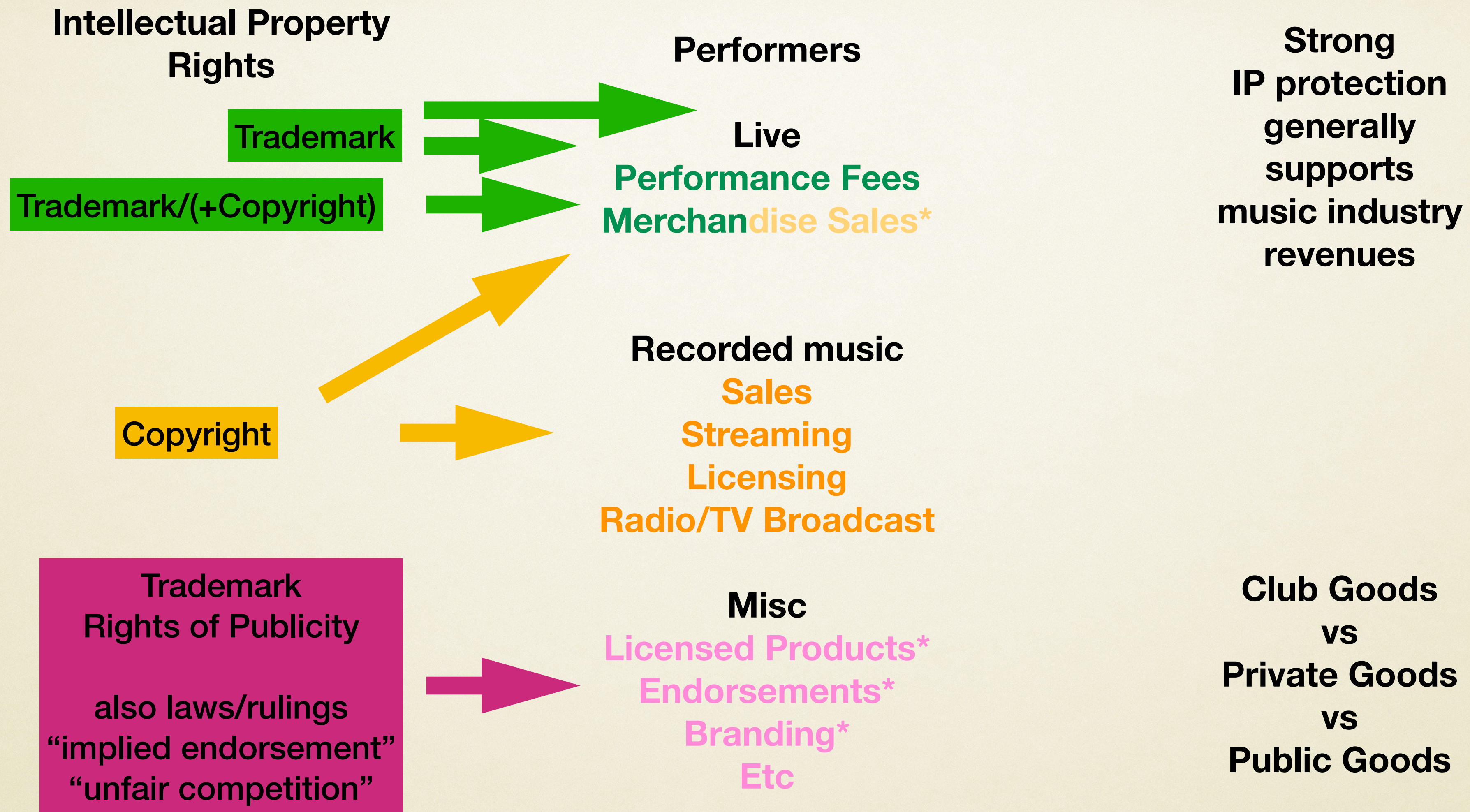
<input type="checkbox"/>	Current Quizzes	Published
<input type="checkbox"/>	Key concepts from lecture 3 Available on Aug 24, 2023 12:25 PM until Aug 29, 2023 11:10 AM	0/59
<input type="checkbox"/>	Practice Quiz Copyright, Trademark and Rights of Publicity (Optional nor Graded) Available on Aug 24, 2023 12:25 PM until Aug 29, 2023 11:10 AM	31/31
<input type="checkbox"/>	Key Concepts lecture 1 and Smith McNally Keynote Available on Aug 17, 2023 12:25 PM until Aug 29, 2023 11:30 AM	0/62
	Future Quizzes	Published

PERFORMER REVENUE SOURCES

Performers



*Overrated, insignificant or rare events



*Overrated, insignificant or rare events

KEY CONCEPTS LECTURE 3

1) What are the six exclusive rights to owners? What is required for each of them? What are examples?

Copy (CDs, streaming), Derivative works (book to movie adaptations), distribute (distribute CDs, downloads, interactive streaming), Public performance (performance in bar, restaurant), Public display (lyric displays, karaoke), and Digital public performance. You must get a license and pay royalties for all.

2) What is the difference between trademarks, copyrights, and patents?

Trademarks distinguish one source of goods from other ones, and protect brand names and logos. Copyright protects an original artistic or literary work. Patents protect inventions.

How would an artist argue against a political/public figure using their work at an event?

A: Rights of publicity

B: Implied endorsement

C: Unfair competition

D: Trade secrets

E: Force Majeure

Eminem v Ramaswamy?
and BMI

2. Why would writing an idea on a blackboard probably not be copyrightable?

KEY CONCEPTS LECTURE 3

- Copyright underpins an artists recording revenue streams
- Trademark protects an artists exclusive right to it's name, logos and branded goods
- Recording and composition. Two separate copyrights.
- Performers get royalties, songwriters get royalties even if same person
- Copyright: Unique Expression + Fixed in tangible medium
- Copyright limited term. Trademark can be perpetual if you use it

Question 1 (1 point)

Select all that are true

Select 3 correct answer(s)

- ☐ Rights of Publicity are governed mostly by federal law
- ☐ Rights of Publicity are governed mostly by state law
- ☐ Copyright can be perpetual
- ☐ Trademark has a limited term
- ☐ Copyright has a limited term
- ☐ Trademark can be perpetual

Submit Quiz

0 of 1 questions saved

Question Text *			
I compose a unique song and record it into my iPhone. Do I have a copyright?			
Answers *			
<div><div></div><div>✓</div></div>	Yes	×	<input type="radio"/> Yes
<div><div></div><div></div></div>	No	×	<input type="radio"/> No
<div><div></div><div></div></div>	Only if you have a witness	×	<input type="radio"/> Only if you have a witness
<div><div></div><div></div></div>	Only if you register it with the copyright office	×	<input type="radio"/> Only if you register it with the copyright office
Add Answer			

You don't have to register to have a copyright!

Short Description

US copyright is only enforceable in the US

Question Text *

US copyright is only enforceable in the US

Answers *

☐

True

☒

False

Points *

1.25

US copyright is only enforceable in the US

☐

True

☐

False

Question text

Which kind of intellectual property protects a band name?

Answers *

☐

Copyright

×

☒

Trademark

×

☐

Rights of Publicity

×

☐

Trade secrets

×

[Add Answer](#)

Which kind of intellectual property protects a band name?

☐

Copyright

☐

Trademark

☐

Rights of Publicity

☐

Trade secrets

Multiple Choice



Options

Question Text *

Advanced Question: A voice actor has her voice "scraped" and fed into an AI voice generator. The AI company then offers a simulation of her voice for narration. Which intellectual property right should she use to force the AI company to stop doing this?

Answers *

☐

Copyright

☐

Trademark

☒

Right of Publicity

☐

Trade Secrets



Advanced Question: A voice actor has her voice "scraped" and fed into an AI voice generator. The AI company then offers a simulation of her voice for narration.

Which intellectual property right should she use to force the AI company to stop doing this?

☐

Copyright

☐

Trademark

☐

Right of Publicity

☐

Trade Secrets

New Multiple Choice Question

A film director wants to use an performers recording of a song in their film.
The film director needs permission of the

Answers *

- ☐ The performer ×
- ☒ The performer and the songwriter ×
- ☐ Only the songwriter ×
- ☐ No permission is necessary ×

[Add Answer](#)

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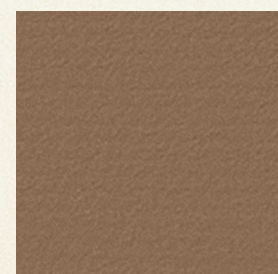
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[Add Answer](#)

recording of a song in their film. The film director needs permission of the

- ☐ The performer
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The recording has a copyright and the song has a copyright
Both performer and songwriter have to sign off.



THEORY OF PUBLIC GOODS

One way of looking at Goods

Economic Good: a commodity or service that can be utilized to satisfy human wants and that has exchange value.

Traditionally economic goods were generally assumed to be physical or somehow “scarce” like a concert ticket, or dentist appointments.

In contrast “Free Goods” are those goods whose supply is practically unlimited and that require neither payment nor effort to acquire (like air). No exchange value

THEORY OF PUBLIC GOODS

However things like street lighting, clean air, public safety, fire departments, national security etc didn't fit well into framework. Why?

- Like “free goods” these goods are free to use, more or less unlimited, not scarce etc
- Unlike “free goods” these goods have economic value, indirectly have exchange value
- Example: house in low crime neighborhood vs same house in high crime neighborhood
- Thus theory of public goods expanded framework of goods.
- The concept of “club goods” emerged from this framework
- Intellectual property is a type of “club good”

THEORY OF PUBLIC GOODS

The Concepts of Public Goods and Club Goods

The concept of public goods was first proposed by Samuelson (1954).

Although Samuelson used the term *collective consumption good* (p. 387), subsequent authors and Samuelson himself referred to public goods. The generally accepted definition of a public good is a good that is *non-rivalrous* (the use of the good by one person does not prevent others from using this good) and *non-excludable* (it is not possible to prevent others from using the good). (See Figure 1.) Classic examples of public goods are street lighting and national defense. Someone who benefits from a well-lit street does not use up the streetlight, and it is not possible to exclude someone from benefitting from the light it provides.

THEORY OF PUBLIC GOODS

Excludability:

The ability to prevent others from using a commodity or service.

Example: a bicycle is an excludable good. The method of exclusion may take the form of a lock on the bicycle or it could be legal statute that discourages/punishes bicycle theft.

THEORY OF PUBLIC GOODS

More excludability examples:

The showing of a movie in a theatre. A movie theatre uses a combination of trespassing laws, security personnel and locks to exclude you from the showing unless you have a ticket.

Trademark laws prevent/discourage unauthorized t-shirt vendors from using the “Nirvana x x smiley face” logo.

Satellite radio uses encryption to exclude listeners that do not have subscriptions. Netflix uses passwords.

THEORY OF PUBLIC GOODS

- Copyright is a form of excludability
- Gives authors exclusive rights to works
- A license must be obtained from owner of copyright or it may not be used
- Example: Movie studio must get “sync license” from copyright owner to use composition and/or sound recording in a film

THEORY OF PUBLIC GOODS

Rivalrous/Non-rivalrous

- In economics, a good is said to be *rivalrous* or *rival* if its consumption by one consumer prevents simultaneous consumption by other consumers, or if consumption by one party reduces utility/ability to use to another.

THEORY OF PUBLIC GOODS



A donut is rivalrous. If I eat the donut you can't eat the donut.
If I eat half the donut there is only half as much donut for you.

THEORY OF PUBLIC GOODS


- A radio broadcast is non-rivalrous. If I'm listening to a radio broadcast in my car, you can also listen to the same radio broadcast in your car.
- A Netflix show is non-rivalrous. I can watch it. We all can watch it at the same time.* Viewing the show does not “use it up.”
- * within reason. HBO recently crashed.

THEORY OF PUBLIC GOODS

Four types of goods per Samuelson et al

	Excludable	Non-excludable
Rivalrous	Private Goods	Common Goods
Non Rivalrous	Club Goods	Public Goods

THEORY OF PUBLIC GOODS

	Excludable	Non-excludable
Rivalrous	<u>Private Goods</u> Donuts Food Clothing Cars Houses	<u>Common Goods</u> Grand Banks cod fishery Timber on public lands Public grazing land Oil on public lands Local swimming hole
Non Rivalrous	 <u>Club Goods</u> Netflix shows Subscription cable TV Subscription Satellite radio Songs Recordings	<u>Public Goods</u> Free over the air radio/tv Street lighting Public safety Clean air National security

THEORY OF PUBLIC GOODS

Public Goods tend to underproduction
Thus taxes/levies/government provision

The most prominent issue with public goods is how to fund their production, the worry being that they tend to be underproduced (Oakland, 1974). As a result, governments or other institutions often step in to produce the public good. For example, a city might produce the public good of street lighting by levying taxes in order to construct and maintain it.

Essentially governments were established to provide public goods

THEORY OF PUBLIC GOODS

Problems with supply of goods

Problems with supply of goods		
Mostly OK. Free market/ “invisible hand”	Excludable	Non-excludable
Rivalrous	<u>Private Goods</u> Donuts Food Clothing Cars Houses	<u>Common Goods</u> Grand Banks cod fishery Timber on public lands Public grazing land Oil on public lands Local swimming hole
	<u>Club Goods</u> Netflix shows Subscription cable TV Subscription Satellite radio Songs Recordings ©	<u>Public Goods</u> Free over the air radio/tv Street lighting Public safety Clean air National security
Non Rivalrous		

overuse
when unregulated

without excludability
tend to under production
in market economies

tend to under production
in market economies

THEORY OF PUBLIC GOODS

Club goods have similarities to public goods. From Wikipedia:

“Many forms of information goods have characteristics of public goods. For example, a poem can be read by many people without reducing the consumption of that good by others; in this sense, it is non-rivalrous. Similarly, the information in most patents can be used by any party without reducing consumption of that good by others.”

So how do we ensure the production of club goods? Books, films, movies and TV?

THEORY OF PUBLIC GOODS

The Congress shall have Power... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

UNITED STATES CONSTITUTION, ARTICLE I, SECTION 8

Copyright clause of US Constitution

To incentivize production of works congress gave authors excludability, with the clear idea the public would benefit.

THEORY OF PUBLIC GOODS

Copyright

funding mechanisms:

private property rights

market incentives

Alternative

funding mechanisms:

Government funding

Corporate sponsorship

Non-profits

Issues? Problems?

THEORY OF PUBLIC GOODS

What government,
non-profit foundation
or advertiser would have sponsored this album?



The advantage of market based cultural production
is it generally allows more robust forms of expression

Some video links

Office Hours: 4 types of goods

<https://youtu.be/e32eQwTcro4>

Public goods club goods common resource JodiEconGirl

<https://youtu.be/2TFbnqJXohE>

Private Goods MRU

<https://youtu.be/CuHih3Ci5IQ>

Public Goods - MRU

<https://youtu.be/lLzcW5NG5eA>

Public Goods Deeper MRU

<https://youtu.be/hA2z-X31IvI>

Club Goods MRU

<https://youtu.be/ZvgFTxhQw1s>

These economists all have slightly different definitions, examples and explanations but will help you understand the basic concepts

(Also they reverse the X/Y axis. I'm right)

ELC QUESTION

- Answer ELC Question
- Describe key concepts from today's lecture
- Other: optional test your knowledge quiz today