

SRO Summary

Student Name: Albert Shin

Class Year: 2016

Project Title: "Regulation of Standard Essential Patents"

Professor: Fiona Scott Morton

Description of research project:

This project tried to measure the impact of patent related news on a firm's stock price. We narrowed our focus on firms and news that were heavily related to a special class of patents called, standard essential patents (SEP). We classified each news item as an "event" of some sort and conducted a traditional "event study" method to measure the impact. To do this, we first needed to collect the historical stock prices of the firms we decided to include in the study. We also needed to find the firms that heavily depended on SEP licensing for revenue by searching annual reports and 10-Ks or other relevant financial reports.

We found that many events did not impact a firm's stock prices as expected. There are many reasons that could explain this – especially the fact that most of these firms manufacture hardware pieces that most investors and institutions are more interested in predicting the firms' values.

However, there is not much research done in this area and the results gained from this project hope to be used soon in investigating other relevant research topics in information economics.

SRO experience:

On a general level, I learned how to conduct economic empirical research having done tasks such as data collection, cleaning, and analysis. I especially became knowledgeable of a very useful research tool known as the "event study methodology" that is used often in finance research and even measuring impacts such as celebrity endorsements on firm stock prices.

I also gained extensive experience with STATA and learned how to make use of macros and loops to simplify my code. I even learned the basics of using a Bloomberg terminal.

Thanks to the economics department and the advice and guidance Professor Morton offered along the way, I came out learning a lot from this experience. I soon hope to put these skills and insights to use when I conduct economic research.