

How open standards  
and open source  
software can  
facilitate competition  
on the merits

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# A world of standards

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- QWERTY
- Railway lines
- HTML

*But*

- Power plugs
- Telephone sockets
- Mobile phone chargers

*There is still way to go*

# The economics of standards

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- Standards = natural monopolies
- Network effects of standards = barriers for new technologies to enter
- Standardised technologies can reap the benefits from network externalities
- Vendors can capture these benefits to the detriment of consumers

# Alternative approach?

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- Standards that support *interoperability*
- Allow for natural monopolies, *but*
- Provide for competition on the merits among vendors

# IPRs over standards: panacea?

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- IPRs on standardised technology allow control over the standard that reduces competition
- SSOs as a result seek to limit rights holders' control over the standardised technology by requiring, *e.g.*, RAND or royalty-free terms

# Open standards: a guarantor for a level playing field

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- If *no* competitive advantage is held by the rights holders of a standardised technology, then the natural monopoly of the innovator can co-exist with competition on the merits (*R. Ghosh*)
- Solution = *open* standards

# What *open* standards are

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- There is no single definition, but
- Easily implemented by any software without legal, technical, financial barriers
- Access to the standardised technology is available to all current and potential market players to ensure *a level playing field*
- Examples: HTML, SMTP

# The value of *open* standards

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- Interoperable software
- Wealth of producers
- Avoid vendor “*lock-in*”
- Consumers benefit
- Further innovation by enabling other players to innovate on top of the standardised technology

# Open standards and open source software

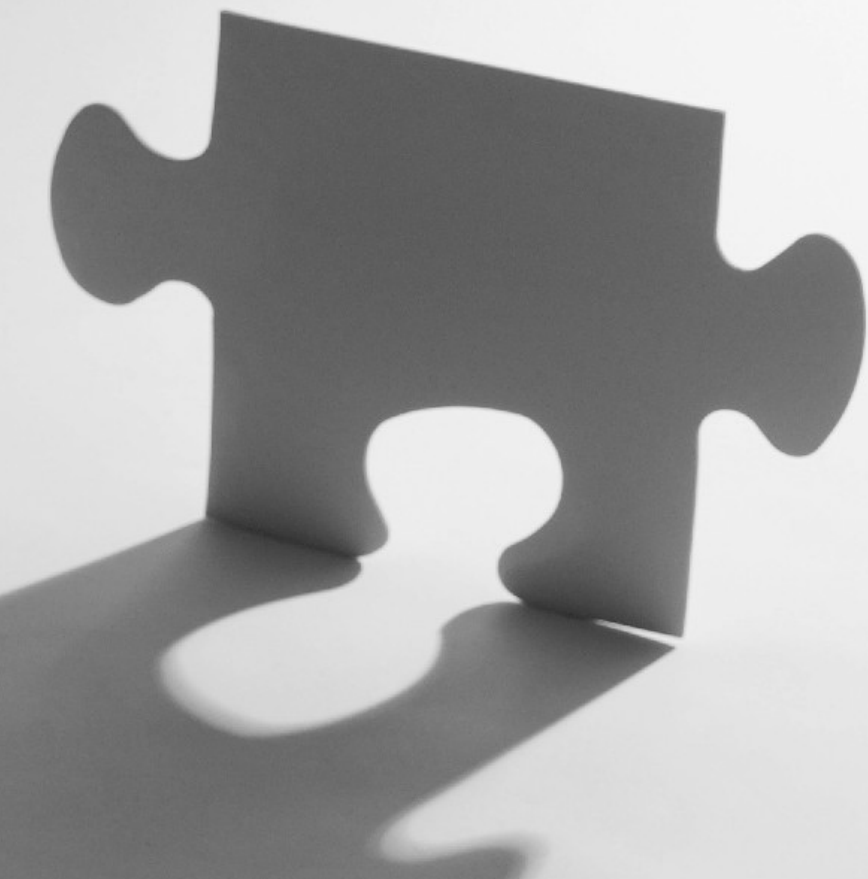
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- *Open* standards and *open source* are not the same, but
- Open source software *implements open* standards
- *E.g.*, Mozilla Firefox and HTML
- Nonetheless, for an open standard to be compatible with open source should be made available royalty-free

# The benefits of *open* source software implementing *open* standards

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- Users can adjust software to their needs
- No vendor “*lock-in*”
- Reduced costs
- *Open* standards lead to increased interoperability and consumer choice



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