

Patent vs. Copyright: Which is a Better Signal to Attract Venture Capitalists in Software Industry?

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Abstracts

By registering copyright, computer program is publicly recorded and certificated without disclosing its idea, while software can also be protected by patent after 1990s in Japan. Exploiting the policy change on software patent, this paper identifies the signaling effect of software patent for Japanese SMEs to raise venture capital, relative to the copyright registration. We find that both software patent and copyright registration accelerate the VC financing of SMEs. This paper also finds that the effect of copyright registration has been decreasing in 2000s during which software patent was significantly strengthened. These results suggest that shift from copyright to patent contributes to raise VC financing for software SMEs, which adds new evidence to debate over software patent.