

Domestic firms win more court battles than foreign firms, research finds

Submitted by: BlueSky Education

Thursday, 3 October 2024

Domestic firms win more court battles than foreign firms, research finds

Domestic firms win more patent battles in court than foreign businesses, new research from ESSEC Business School has found.

The study examined whether multinational companies face a bias in court compared to domestic firms, using data from over 58,000 intellectual property lawsuits entering US federal district courts between 1983 and 2016.

Over the 33-year period, domestic patent holders and challengers were more successful than foreign multinationals. They are 10% more likely to successfully defend their patents in lawsuits against foreign firms when compared to similar disputes against other domestic firms.

Meanwhile, foreign patent holders are 14% less likely to win against domestic challengers compared to similar disputes against other foreign firms.

Undertaken by Srividya Jandhyala, associate professor of management at ESSEC Business School, along with Anand Nandkumar at the Indian School of Business and Arnab Choudhury at Columbia University, the study also discovered that, in cases involving multinational firms, court rulings were more likely to exhibit nationalistic rhetoric, and that a judge's own political ideology can influence the chances of success for the firm.

"Politicians and regulators often favour domestic businesses over foreign firms due to nationalism. But, what about courts? They are supposed to be neutral and independent from political and public opinion. However, as this study highlights, legal courts can be, and often are, an additional source of economic nationalism," says Dr. Jandhyala.

"Domestic firms have a greater likelihood of success in legal cases. Combined with the nationalist rhetoric in court rulings pertaining to cases involving multinational (foreign) firms, it's clear that the legal system, too, can serve as a barrier to success for foreign companies," she adds.

The paper, Economic nationalism and the home court advantage, has been published in the Strategic Management Journal, and can be accessed here (<https://onlinelibrary.wiley.com/doi/10.1002/smj.3658>).

END/

For more information, a PDF copy of the paper, or to speak to Srividya Jandhyala, contact Jonny Stone at jonny@bluesky-pr.com or call 01582790704.