Creating Innovation Value Through Generative AI: A Property Rights Perspective

Generative artificial intelligence (GenAI) has reshaped the contours of open innovation by making millions of data holders' part of the co-creation process (often without their consent). Large language models (LLMs), such as ChatGPT, have been trained on billions of textual artifacts scraped from the web. While bold claims are being made about GenAI spurring a cognitive industrial revolution, much work remains to create the governance structure that will ensure its success. Central to this research, is the allocation of property rights, which will determine who owns and controls the massive amounts of data streaming into and out of these models. While some of this determination will occur in the courts, other mechanisms exist to govern these transactions including government regulation, market contracting, and coalitional contracting (Stoelhorst and Vishwanathan 2022). We examine some of the collective action problems created by GenAI and explore how these challenges might be resolved through the creative application of new governance structures.