United States

* With a population of 310m, the US has the largest and most technologically powerful economy in the world, with a GDP of $14.6t and per capita GDP of $48,500. US business firms enjoy greater flexibility than their counterparts in Western Europe and Japan in decisions to expand capital plant, lay off surplus workers, and develop new products. At the same time, they face higher barriers to enter their rivals' home markets than foreign firms face entering US markets. US firms are at or near the forefront in technological advances, and consistently rank in the top three countries in the world for patent applications, along with China and Japan.
* The economic downturn of 2008 has seen economic growth slow to 2.8% in 2010, un-employment rise to 9% nationally (103rd in the world), government spending as a percentage of GDP increase to 42.2% and gross public debt surpass 100% of GDP.
* Failure to pass a budget since fiscal year 2009 and lack of restraint in government spending and borrowing caused the previously consistent AAA credit rating to be downgraded to AAA-, resulting in a 7.9 reduction in the government spending score of 2010 to 46.7 or 127th in the world, according to Heritage Foundation.
* The pending implementation of the health insurance reform law, is expected to place additional strains on business. Total spending on health care rose from 9.0% of GDP in 1980 to 17.9% in 2010. The Dodd-Frank Wall Street Reform and Consumer Protection Act, is designed to improve accountability and transparency in financial markets and address the 5 point drop in investment freedom score from 2010 to 70 out of 100, and a rank of 36th in the world .
* Long-term problems include inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, sizable current account and budget deficits - including significant budget shortages for state governments, energy shortages, and stagnation of wages in lower-income families.
* Business start-up procedures are efficient although business operation has been impeded by more than 70 new regulations since 2009, at a cost of $38b to the business community, resulting in a 2 point decrease in the Heritage Foundation’s Economic Freedom Index from that of 2010 to 76.3, and a world rank of 10 down from 9 in 2010.
* The judiciary functions independently and predictably although serious constitutional questions have arisen regarding the government mandated health insurance decision. Corruption and cronyism is on the increase and is undermining the institutional integrity of the rule of law, resulting in an 86th percentile ranking in control of corruption and a corruption perception index of 7.1 (out of 10) by Transparency International and a decrease of 4 points in the heritage Foundation score to 71 from a previous 75. In 2010.
* Property rights are guaranteed, although affected by increasing regulations, ranking the US 19th in the world, with a score of 85 out of 100 by the Heritage Foundation.

**Apple Wins Big in Patent Case,** By Jessica E Vascellaro

Aug. 25, 2012

SAN JOSE, Calif.—Nine jurors delivered a sweeping victory to [Apple](http://online.wsj.com/public/quotes/main.html?type=djn&symbol=AAPL) Inc. in a high-stakes court battle against Samsung Electronics Co., awarding the Silicon Valley company $1.05 billion in damages and providing ammunition for more legal attacks on its mobile-device rivals.

Jurors Friday found that Samsung infringed all but one of the seven patents at issue in the case—a patent covering the physical design of the iPad. They found all seven of Apple's patents valid—despite Samsung's attempts to have them thrown out. They also decided Apple didn't violate any of the five patents Samsung asserted in the case.

The damage award is shy of Apple's request for more than $2.5 billion, but much larger than Samsung's estimates and still ranking among the largest intellectual-property awards on record.

"Today's verdict should not be viewed as a win for Apple, but as a loss for the American consumer," Samsung said. "It will lead to fewer choices, less innovation, and potentially higher prices."

…While the ruling won't affect the companies' latest products, it could shape how smartphones and tablets are designed and the fortunes of companies that make them.

Apple's legal campaign is partly aimed at trying to beat back the gangbuster growth of Android, the operating system created by Google Inc. that is used by Samsung and other device makers. In the second quarter, Android phones—which are made by many phone makers—represented 68% of smartphone shipments, while Apple's represented 17%, according to market research firm IDC.

…Friday's jury decision that the six infringed Apple patents—including three covering the shape of the iPhone and on-screen icons—are valid may make it harder for handset makers to enter markets with gadgets that look and work too much like a market leader's.

That means that Apple could find it easier to defend its market position and lofty profit margins, while consumers may see a bit less choice and higher prices—as fewer competitors court buyers with me-too models and pass along costs of damage awards in price their products.

…The trial has already shaped the debate about reform of U.S. intellectual-property law. Critics complain the U.S. Patent and Trademark Office grants too many patents and say patent litigation is clogging the courts.

Many have questioned whether such complex cases can be decided by juries, while a federal judge recently threw out a high-profile case between Apple and Motorola, saying the patent system was in "chaos." Lawyers and judges warn that mounting patent litigation—including cases that encompass everything from smartphones to videogame consoles, will mean mounting costs for consumers.

"Software patents are clogging the system at every possible point," says Christal Sheppard, an assistant professor of law at the University of Nebraska College of Law. "This could be the bellwether case that goes to the Supreme Court to decide what invention in the 21st century really means for software."

<http://online.wsj.com/article/SB10000872396390444358404577609810658082898.html>