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INTELLECTUAL PROPERTY RIGHTS AND INNOVATION IN DEVELOPING COUNTRIES: A PANEL ANALYSIS

Abstract:

Given the importance of innovation for the development and economic growth in developing countries, we therefore consider it necessary to examine the relationship between intellectual property rights (IPR) and innovation. In order to test this relationship, we use of panel data for a sample of 13 developing countries over the period from 1998 to 2011. We make two contributions to the literature. First of all, the majority of empirical studies, using a single indicator of IPR elaborated by Park And Ginarte (1997), usually do not take into account the application of laws on patents filed in the practice. Unlike the previous studies, we incorporate in our work a new indicator developed by Papageorgiadis et al. (2014) which used to measure the intensity of the dimension related to the application of patent systems. We have also used the one developed by Park and Ginarte (1997) that measures the strength of patent regulations. As a second contribution, we add a new factor likely to influence innovation, namely education. The variable of education has not been taken into account in some studies. On the one hand, our empirical results reveal the existence of nonlinear relationships between IPR and innovation and argue, on the other hand, that the economic development, the opening as well as education are essential factors that contribute significantly and positively to innovation in developing countries.

Keywords:

intellectual property rights, innovation, education, developing countries, panel data

JEL Classification: O31, O34, C23